

Ringgit Weekly Outlook

Republican trifecta and Fed's less dovish stance to fuel further sell-off

Fundamental Overview

- While we accurately predicted that a Republican trifecta would push the USD Index (DXY) above 105.0, weakening the ringgit to between 4.40 and 4.45, the DXY climbed further to over 106.0, pushing the ringgit near the 4.50 threshold on Thursday. This Republican clean sweep grants Trump control over all government branches, enabling policy influence until at least 2026, with markets now pricing in higher chances of tariffs and deregulation. The widening US policy gap with other developed economies has led investors toward a long-USD stance, while China's weak stimulus and limited domestic boost weigh on the MYR.
- Fed Chair Powell's recent remarks downplaying urgency for rate cuts, given strong macro indicators, have prompted investors to lower their expectations to just two cuts next year, aligning with our forecast. Although a brief USD correction may occur, it will likely be short-lived as investors seek to enter long-USD positions. The ringgit could face further pressure next week, potentially trading above 4.50/USD. While markets await US retail sales data tonight, the primary focus will be on Trump's policy signals and Fed'speak. Malaysia's GDP, expected to come in at 5.3% YoY today, is unlikely to significantly impact the ringgit.

Technical Analysis

- With the RSI firmly in overbought territory, the pair shows potential for a bearish retracement, likely consolidating around 4.459.
- While a technical correction appears probable, as noted above, investors may seize the opportunity to re-enter long-USD positions, potentially pushing the pair to test (R1) 4.517.

Table 1: Currency Outlook

Long Term*							
	Q3-24	Q4-24F	Q1-25F	Q2-25F	Q3-25F	Q4-25F	Trend
USDMYR	4.124	4.567	4.571	4.530	4.490	4.449	▲
Short Term (Technical)							
	RSI (7)	EMA (5)	R1	R2	S1	S2	Trend
USDMYR	82.958	4.459	4.517	4.544	4.437	4.384	▼

Signal for USD Trend = ▲ Bullish — Neutral ▼ Bearish

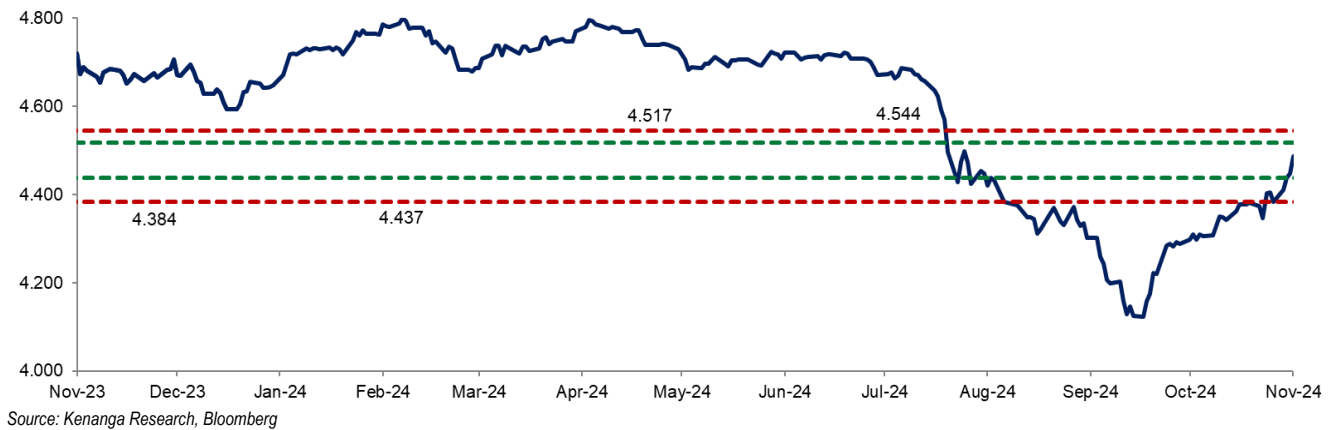
*F=Forecasts for end of period
Source: Kenanga Research, Bloomberg

RSI (7): 7-day Relative Strength Index
Measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

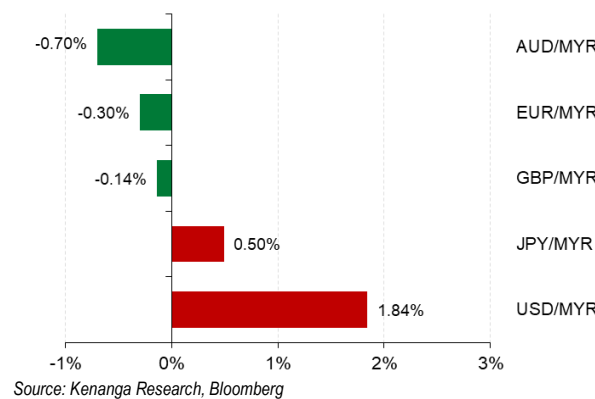
EMA (5): 5-day Exponential Moving Average
EMA gives more weight to the most recent periods, places more emphasis on what has been happening lately. Old data points retain a multiplier even if they are outside of the selected data series length.

$$EMA = (P \times \alpha) + [Previous EMA \times (1 - \alpha)]$$

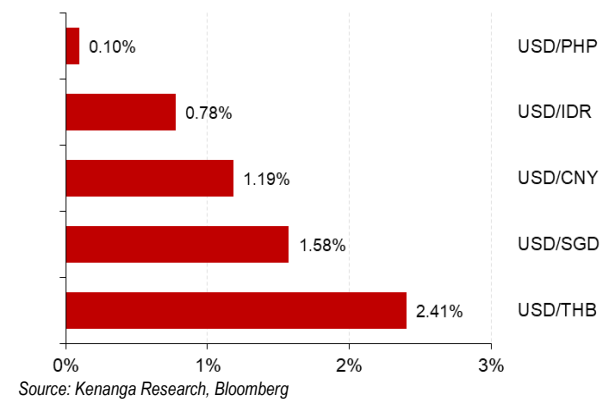
Graph 1: USDMYR Trend



Graph 2: Weekly Core Pairs' Performance



Graph 3: Weekly Regional Peers' Performance



15 November 2024

Table 2: Performance of Core Pairs

Currencies	02/01/24 YTD	14/11/23 Last Year	14/10/24 Last Month	07/11/24 Last Week	14/11/24 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
MYR									
USDMYR	4.606	4.719	4.297	4.404	4.486	-2.61%	-4.94%	4.39%	1.84%
AUDMYR	3.142	3.009	2.889	2.920	2.900	-7.71%	-3.62%	0.36%	-0.70%
GBPMYR	5.857	5.803	5.609	5.685	5.677	-3.08%	-2.18%	1.21%	-0.14%
EURMYR	5.073	5.057	4.696	4.733	4.719	-6.98%	-6.68%	0.49%	-0.30%
JPYMYR	3.251	3.110	2.874	2.860	2.874	-11.58%	-7.59%	-0.01%	0.50%
SGDMYR	3.482	3.469	3.289	3.319	3.330	-4.36%	-4.00%	1.25%	0.33%
ASEAN 5 + CNY + JPY									
USDIDR	15470	15695	15566	15740	15862	2.53%	1.06%	1.90%	0.78%
USDTHB	34.151	36.076	33.231	34.284	35.109	2.81%	-2.68%	5.65%	2.41%
USDSGD	1.323	1.361	1.307	1.327	1.348	1.85%	-0.94%	3.11%	1.58%
USDPHP	55.665	56.056	57.465	58.729	58.785	5.60%	4.87%	2.30%	0.10%
USDCNY	7.143	7.253	7.089	7.142	7.227	1.17%	-0.36%	1.95%	1.19%
USDJPY	141.650	151.720	149.520	154.020	156.060	10.17%	2.86%	4.37%	1.32%
USD									
EURUSD	1.101	1.072	1.092	1.076	1.051	-4.51%	-1.97%	-3.77%	-2.28%
GBPUSD	1.270	1.229	1.306	1.291	1.264	-0.42%	2.87%	-3.19%	-2.04%
AUDUSD	0.682	0.637	0.672	0.663	0.646	-5.24%	1.37%	-3.85%	-2.59%

Source: Kenanga Research, Bloomberg

Table 3: Upcoming Major Data Release And Policy Announcement for the Week

Date	Country	Indicator	Previous	Consensus/Forecast
19/11/2024	MY	Exports (OCT)	-0.3% YoY	N/A
19/11/2024	US	Building Permits Preliminary (OCT)	1.425m	1.442m
19/11/2024	US	Housing Starts (OCT)	1.354m	1.338m
20/11/2024	CN	Loan Prime Rate 1Y	3.10%	3.10% (status quo)
21/11/2024	US	Initial Jobless Claims (NOV/16)	217.0k	N/A
21/11/2024	US	Existing Home Sales (OCT)	3.84m	3.88m
22/11/2024	MY	Inflation Rate (OCT)	1.8% YoY	1.8% YoY*
22/11/2024	US	S&P Global Manufacturing PMI Flash (NOV)	48.5	N/A

Source: Kenanga Research, Trading Economics, Bloomberg

*KIBB

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