

Ringgit Weekly Outlook

Cautious sentiment persists amid geopolitical uncertainty and reserved Fed outlook

Fundamental Overview

- Despite the USD index trading stronger close to the 107.0 level, the ringgit appreciated slightly, trading within the 4.46–4.48 range against the USD. This resilience may partly reflect FX intervention and the repatriation of overseas funds. However, the negative yield differential between the 10-year MGS and UST widened to -60.0 bps, compared to -37.0 bps a month ago, prompting RM1.5b in net foreign outflows from Malaysian debt market. Meanwhile, investors continue to favour USD-long positions as the probability of a December rate cut dropped to ~60.0% from ~80.0% last week, reflecting signs of US economic resilience.
- While the USD faces risks of a technical correction, a significant retracement is unlikely in the near term. The greenback remains supported by factors such as the repricing of US rates, speculative positioning ahead of Trump 2.0, and safe-haven demand from heightened geopolitical tensions, particularly the Russia-Ukraine conflict. With no significant domestic catalysts on the horizon, the ringgit is likely to be influenced by external factors. Key market focus areas include US core PCE inflation data and the FOMC minutes. Signals reinforcing the “no urgency to cut rates” narrative could push the ringgit closer to the 4.50/USD threshold.

Technical Analysis

- With the RSI nearing overbought levels, USDMYR may see a slight pull back, likely consolidating around 4.470.
- While a technical correction is probable, the lack of domestic catalysts and continued safe-haven demand for the USD could keep the pair trading within the (S1) 4.467 and (R1) 4.483 range.

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	69.976	4.470	4.483	4.489	4.467	4.457	▼

Signal for USD Trend = ▲ Bullish — Neutral ▼ Bearish

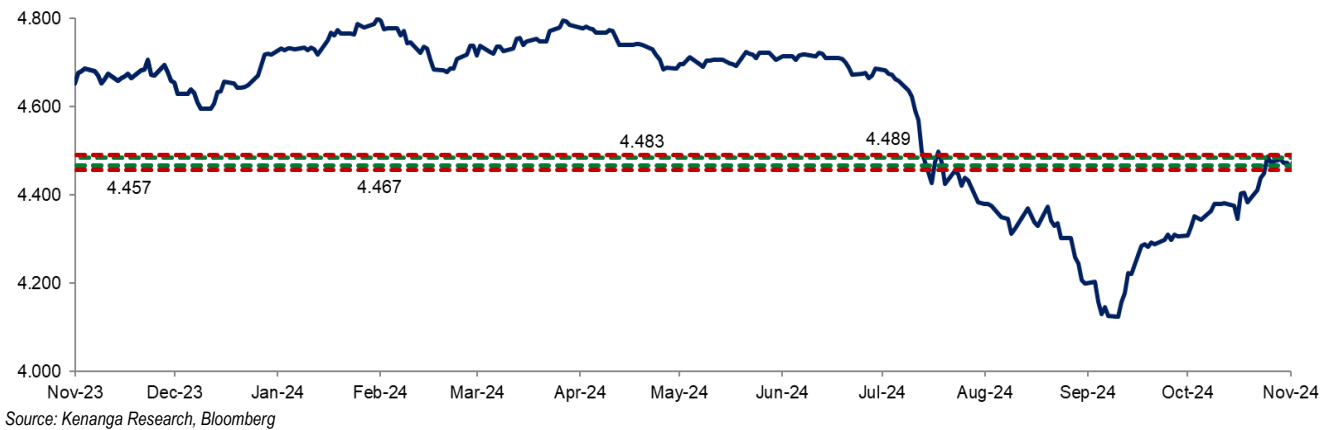
*F=Forecasts for end of period
Source: Kenanga Research, Bloomberg

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.

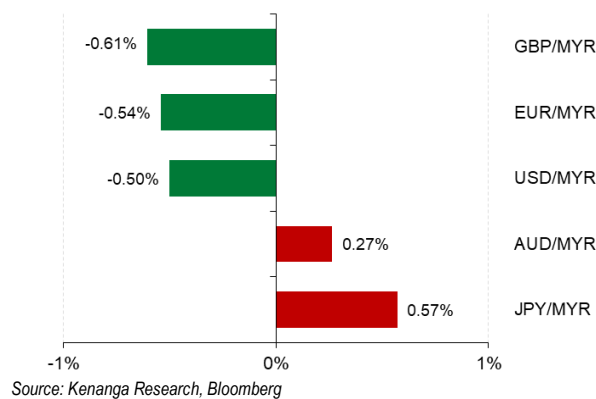
EMA (5): 5-day Exponential Moving Average
EMA gives more weight to the most recent periods, places more emphasis on what has been happening lately. Old data points retain a multiplier even if they are outside of the selected data series length.

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

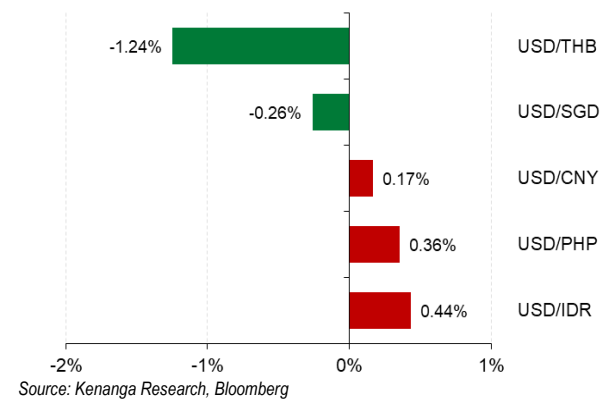
Graph 1: USDMYR Trend



Graph 2: Weekly Core Pairs' Performance



Graph 3: Weekly Regional Peers' Performance



22 November 2024

Table 2: Performance of Core Pairs

Currencies	02/01/24 YTD	21/11/23 Last Year	21/10/24 Last Month	14/11/24 Last Week	21/11/24 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
MYR									
USDMYR	4.606	4.653	4.307	4.486	4.463	-3.10%	-4.09%	3.61%	-0.50%
AUDMYR	3.142	3.054	2.878	2.900	2.907	-7.47%	-4.82%	1.00%	0.27%
GBPMYR	5.857	5.836	5.608	5.677	5.643	-3.67%	-3.30%	0.62%	-0.61%
EURMYR	5.073	5.092	4.672	4.719	4.694	-7.48%	-7.83%	0.46%	-0.54%
JPYMYR	3.251	3.153	2.872	2.874	2.891	-11.08%	-8.33%	0.64%	0.57%
SGDMYR	3.482	3.483	3.280	3.330	3.324	-4.54%	-4.57%	1.33%	-0.19%
ASEAN 5 + CNY + JPY									
USDIDR	15470	15440	15504	15862	15931	2.98%	3.18%	2.75%	0.44%
USDTHB	34.151	35.191	33.461	35.109	34.672	1.53%	-1.47%	3.62%	-1.24%
USDSGD	1.323	1.336	1.313	1.348	1.344	1.59%	0.59%	2.40%	-0.26%
USDPHP	55.665	55.372	57.558	58.785	58.995	5.98%	6.54%	2.50%	0.36%
USDCNY	7.143	7.141	7.121	7.227	7.239	1.35%	1.38%	1.67%	0.17%
USDJPY	141.650	147.580	149.950	156.060	154.400	9.00%	4.62%	2.97%	-1.06%
USD									
EURUSD	1.101	1.095	1.085	1.051	1.052	-4.42%	-3.87%	-3.01%	0.10%
GBPUSD	1.270	1.254	1.302	1.264	1.263	-0.50%	0.71%	-2.99%	-0.08%
AUDUSD	0.682	0.657	0.668	0.646	0.651	-4.47%	-0.88%	-2.54%	0.80%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
26/11/2024	US	S&P/Case-Shiller Home Price (SEP)	-0.3% MoM	N/A
26/11/2024	US	New Home Sales (OCT)	0.738m	0.722m
27/11/2024	US	FOMC Minutes	N/A	N/A
27/11/2024	US	Core PCE Price Index (OCT)	0.3% MoM	0.3% MoM
27/11/2024	US	Durable Goods Orders (OCT)	-0.8% MoM	0.5% MoM
27/11/2024	US	GDP Growth Rate 2 nd Estimate (Q3)	3.0% QoQ	2.8% QoQ
27/11/2024	US	Personal Income (OCT)	0.3% MoM	0.3% MoM
27/11/2024	US	Personal Spending (OCT)	0.5% MoM	0.4% MoM

Source: Kenanga Research, Trading Economics, Bloomberg

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