

Ringgit Weekly Outlook

Fairly balanced risks, but potential USD rebound looms over risk assets

Fundamental Overview

- The USD initially gained support from EUR weakness, fuelled by diverging US-eurozone monetary policies, Trump's tariff threats, less dovish FOMC minutes, and rising US consumer confidence. However, a series of developments have since weighed on the USD. ECB's Isabel pushed back against a 50 bps rate cut, and portfolio shifts into non-USD assets dragged the USD index (DXY) to almost below 106.0, benefitting the ringgit. Meanwhile the 10-year US Treasury (UST) yield fell below 4.30%, on reports that Scott Bessent may become Treasury Secretary and inflation data met expectations, further supporting the ringgit around the 4.44-4.45/USD level.
- With no significant domestic catalysts, the ringgit's trajectory will depend on the DXY and UST yields, both influenced by the upcoming US jobs report. Expectations of robust employment data and a ~60.0% chance of a December rate cut could buoy the DXY to around the 106.5-107.0 level. A potential ceasefire between Israel and Hezbollah may support risk-on assets, but its fragile nature, underscored by recent violations, could keep markets cautious. Meanwhile, Trump's social media activity will be closely monitored, with any hints of fulfilling pre-election promises seen as pro-USD. The ringgit may trade around the 4.44-4.46/USD level.

Technical Analysis

- With the RSI positioned mid-range, the USDMYR outlook appears neutral, suggesting consolidation around the 4.448 level.
- The lack of pro-ringgit catalysts and external dynamics are expected to keep the pair confined within the immediate support (S1) 4.432 and resistance (R1) 4.451.

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	44.040	4.448	4.451	4.465	4.432	4.425	—

Signal for USD Trend = ▲ Bullish — Neutral ▼ Bearish

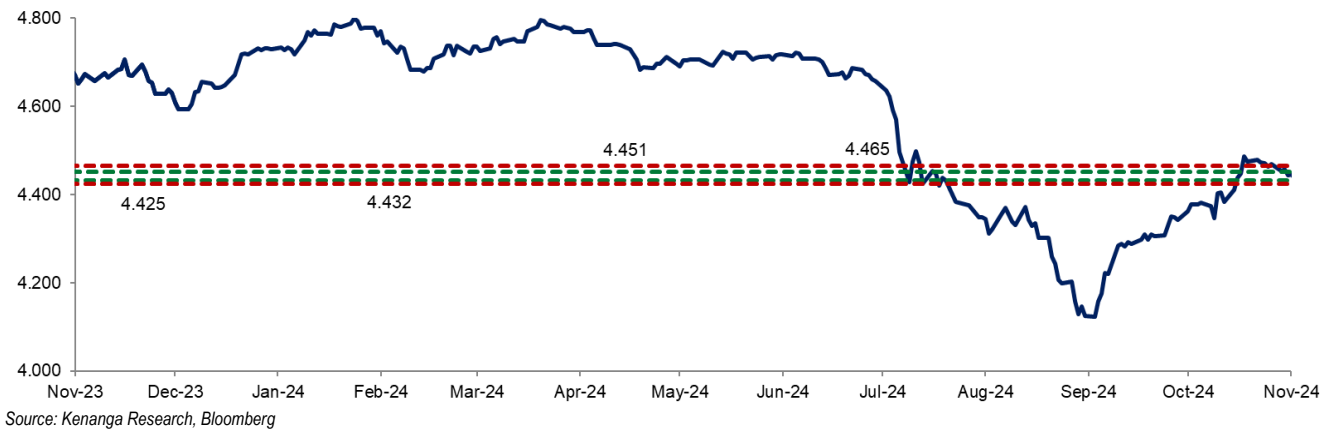
*F=Forecasts for end of period
Source: Kenanga Research, Bloomberg

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.

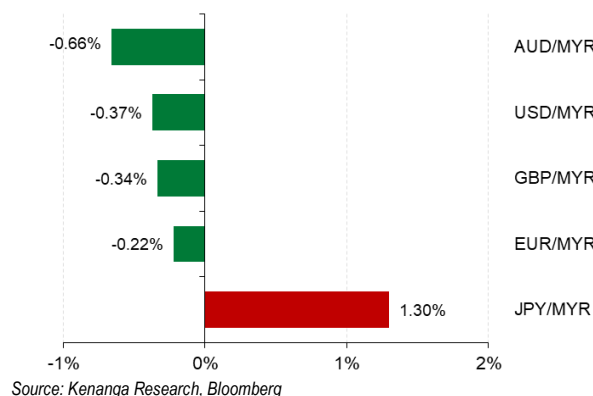
EMA (5): 5-day Exponential Moving Average
EMA gives more weight to the most recent periods, places more emphasis on what has been happening lately. Old data points retain a multiplier even if they are outside of the selected data series length.

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

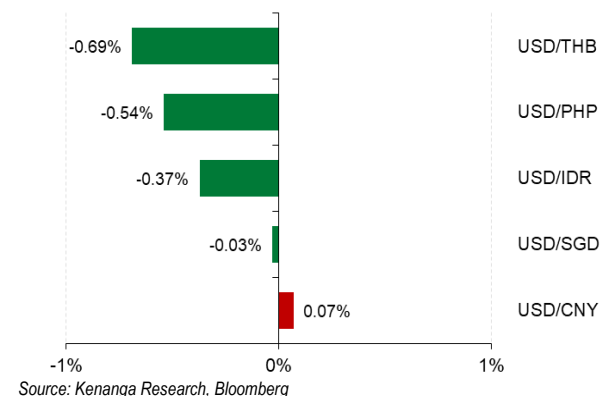
Graph 1: USDMYR Trend



Graph 2: Weekly Core Pairs' Performance



Graph 3: Weekly Regional Peers' Performance



29 November 2024

Table 2: Performance of Core Pairs

Currencies	02/01/24 YTD	28/11/23 Last Year	28/10/24 Last Month	21/11/24 Last Week	28/11/24 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
MYR									
USDMYR	4.606	4.671	4.362	4.463	4.447	-3.46%	-4.80%	1.93%	-0.37%
AUDMYR	3.142	3.090	2.880	2.907	2.888	-8.07%	-6.54%	0.29%	-0.66%
GBPMYR	5.857	5.899	5.659	5.643	5.624	-3.99%	-4.66%	-0.62%	-0.34%
EURMYR	5.073	5.116	4.717	4.694	4.683	-7.69%	-8.47%	-0.71%	-0.22%
JPYMYR	3.251	3.143	2.860	2.891	2.928	-9.92%	-6.83%	2.39%	1.30%
SGDMYR	3.482	3.496	3.299	3.324	3.307	-5.03%	-5.43%	0.23%	-0.51%
ASEAN 5 + CNY + JPY									
USDIDR	15470	15436	15724	15931	15872	2.60%	2.82%	0.94%	-0.37%
USDTHB	34.151	34.938	33.799	34.672	34.434	0.83%	-1.44%	1.88%	-0.69%
USDSGD	1.323	1.337	1.322	1.344	1.344	1.56%	0.55%	1.65%	-0.03%
USDPHP	55.665	55.416	58.264	58.995	58.677	5.41%	5.88%	0.71%	-0.54%
USDCNY	7.143	7.136	7.129	7.239	7.245	1.42%	1.52%	1.62%	0.07%
USDJPY	141.650	148.610	152.540	154.400	151.850	7.20%	2.18%	-0.45%	-1.65%
USD									
EURUSD	1.101	1.095	1.082	1.052	1.055	-4.15%	-3.66%	-2.46%	0.29%
GBPUSD	1.270	1.264	1.298	1.263	1.267	-0.23%	0.24%	-2.43%	0.27%
AUDUSD	0.682	0.662	0.661	0.651	0.650	-4.65%	-1.74%	-1.59%	-0.18%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
2/12/2024	MY	S&P Global Manufacturing PMI (NOV)	49.5	N/A
2/12/2024	CN	Caixin Manufacturing PMI (NOV)	50.3	50.7
2/12/2024	US	ISM Manufacturing PMI (NOV)	46.5	47.6
3/12/2024	US	JOLTs Job Openings (OCT)	7.443m	7.510m
4/12/2024	US	ISM Services PMI (NOV)	56.0	55.5
6/12/2024	US	Non Farm Payrolls (NOV)	12.0k	200.0k
6/12/2024	US	Unemployment Rate (NOV)	4.1%	4.2%
6/12/2024	US	Michigan Consumer Sentiment Preliminary (DEC)	71.8	73.0

Source: Kenanga Research, Trading Economics, Bloomberg

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