

Ringgit Weekly Outlook

Limited upside amid robust USD demand

Fundamental Overview

- While the local market remained subdued, global developments actively shaped FX dynamics this week. The USD Index (DXY) initially rallied, driven by Trump's threat of a 100.0% tariff on BRICS nations, stronger-than-expected JOLTs data, the collapse of the French government, and South Korea's unexpected political turmoil. These events bolstered demand for safe-haven, high-yielding US assets. However, dovish remarks from Fed Waller hinting a potential rate cut and a weaker ISM Services PMI pushed the DXY below 106.0, enabling the ringgit to strengthen to around 4.43/USD.
- The market is not fully pricing in (~70.0%) a December rate cut by the Fed yet, with tonight's key labour data, particularly the unemployment rate (consensus: 4.1%), will be pivotal. A higher-than-expected unemployment figure could nudge the Fed towards a rate cut at its December 18 meeting, potentially weakening the USD. Meanwhile, Marine Le Pen's commitment to deliver a budget within weeks has lifted eurozone sentiment, boosting the euro and adding pressure on the DXY. However, persistent market volatility may continue to attract investors to the USD as a haven. Fed Chair Powell's comments on US economic resilience and next week's expected 0.3% MoM core inflation reading could further reinforce the USD strength, capping the ringgit's scope for further gains.

Technical Analysis

- The USDMYR's RSI indicates a mid-range position, signalling a neutral outlook and potential consolidation near the 4.440 level.
- While the USD's movement is likely data-driven, sustained safe-haven demand may keep the pair within (S1) 4.413 – (R1) 4.456.

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	36.310	4.440	4.456	4.484	4.413	4.398	—

Signal for USD Trend = ▲ Bullish — Neutral ▼ Bearish

*F=Forecasts for end of period

Source: Kenanga Research, Bloomberg

RSI (7): 7-day Relative Strength Index

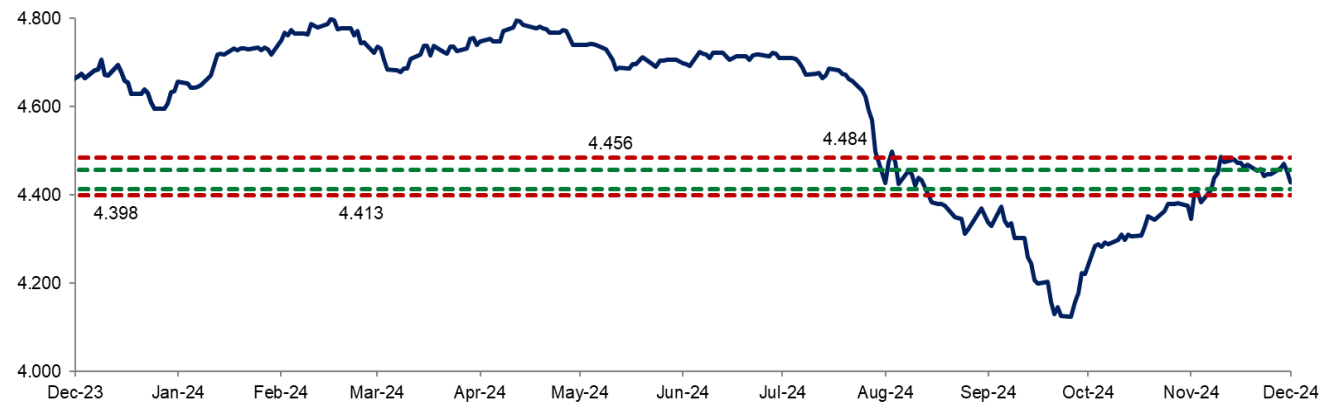
Measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

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.

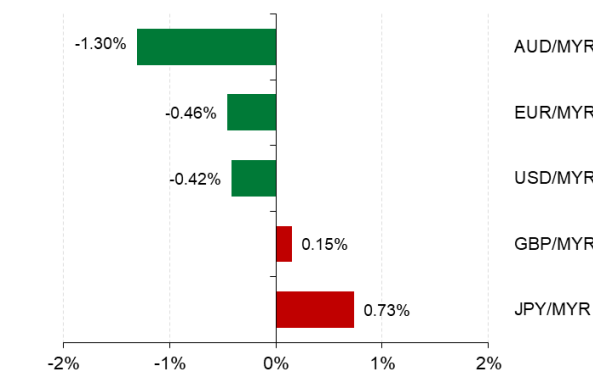
$$EMA = (P \times \alpha) + [Previous\ EMA \times (1 - \alpha)]$$

Graph 1: USDMYR Trend



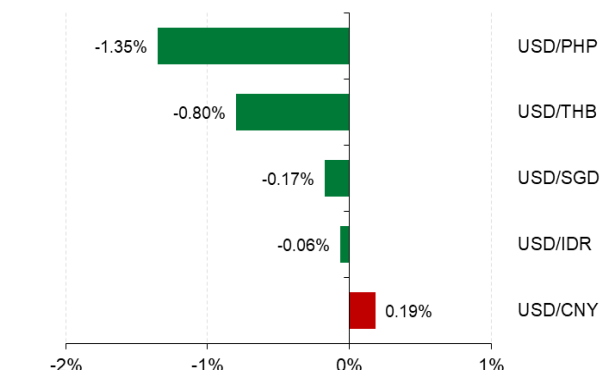
Source: Kenanga Research, Bloomberg

Graph 2: Weekly Core Pairs' Performance



Source: Kenanga Research, Bloomberg

Graph 3: Weekly Regional Peers' Performance



Source: Kenanga Research, Bloomberg

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Table 2: Performance of Core Pairs

Currencies	02/01/24 YTD	05/12/23 Last Year	05/11/24 Last Month	28/11/24 Last Week	05/12/24 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
MYR									
USDMYR	4.606	4.664	4.346	4.447	4.428	-3.86%	-5.05%	1.88%	-0.42%
AUDMYR	3.142	3.069	2.876	2.888	2.851	-9.27%	-7.11%	-0.88%	-1.30%
GBPMYR	5.857	5.894	5.642	5.624	5.632	-3.84%	-4.44%	-0.18%	0.15%
EURMYR	5.073	5.051	4.734	4.683	4.662	-8.11%	-7.71%	-1.52%	-0.46%
JPYMYR	3.251	3.171	2.855	2.928	2.950	-9.26%	-6.97%	3.34%	0.73%
SGDMYR	3.482	3.486	3.299	3.307	3.301	-5.20%	-5.32%	0.06%	-0.18%
ASEAN 5 + CNY + JPY									
USDIDR	15470	15505	15749	15872	15862	2.53%	2.30%	0.72%	-0.06%
USDTHB	34.151	35.327	33.601	34.434	34.160	0.03%	-3.30%	1.66%	-0.80%
USDSGD	1.323	1.339	1.317	1.344	1.342	1.38%	0.21%	1.84%	-0.17%
USDPHP	55.665	55.313	58.323	58.677	57.885	3.99%	4.65%	-0.75%	-1.35%
USDCNY	7.143	7.147	7.105	7.245	7.258	1.61%	1.55%	2.16%	0.19%
USDJPY	141.650	147.060	152.260	151.850	150.120	5.98%	2.08%	-1.41%	-1.14%
USD									
EURUSD	1.101	1.083	1.089	1.055	1.053	-4.38%	-2.82%	-3.38%	-0.24%
GBPUSD	1.270	1.263	1.298	1.267	1.272	0.20%	0.69%	-2.02%	0.43%
AUDUSD	0.682	0.658	0.662	0.650	0.644	-5.56%	-2.08%	-2.73%	-0.95%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
9/12/2024	CN	Inflation Rate (NOV)	0.3% YoY	0.5% YoY
9/12/2024	MY	Unemployment Rate (OCT)	3.2%	N/A
10/12/2024	MY	Industrial Production (OCT)	2.3% YoY	N/A
11/12/2024	MY	Retail Sales (OCT)	5.5% YoY	N/A
11/12/2024	US	Core Inflation Rate (NOV)	0.3% MoM	0.3% MoM
12/12/2024	EA	ECB Interest Rate Decision	3.25%	3.00% (25 bps cut)
12/12/2024	US	PPI (NOV)	0.2% MoM	0.3% MoM
12/12/2024	US	Initial Jobless Claims (DEC/07)	224.0k	N/A

Source: Kenanga Research, Trading Economics, Bloomberg

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