

# Ringgit Weekly Outlook

May stabilise with upside potential amid shift in risk sentiment

## Fundamental Overview

- The ringgit once again traded close to the psychological threshold of 4.800/USD, nearly breaching its all-time low of 4.799/USD recorded in February. Strong US data, particularly inflation and retail sales, along with hawkish comments from Fed Chair Powell, have heightened expectations of a delay in the Fed's policy shift. The risk-off sentiment was further exacerbated by developments in the Middle East, prompting a flight to the safe-haven USD. Notably, the Malaysian debt market witnessed significant RM1.0b net outflows on April 15. However, the ringgit managed to recover some losses and trade below the 4.790/USD level as authorities reiterated their readiness to deploy all available tools to support the local currency.
- The recent trilateral finance dialogue among the US, Japan, and South Korea hinted a possible coordinated large-scale Asian FX intervention. If realised, this move may help slow USD gains and reverse losses in risk-on FX. However, the continuous flow influx of money into the USD may only be reversed if US price data underperforms, prompting the Fed to consider rate cuts. Consequently, next week's US core PCE data will be closely monitored by the market. A weaker US GDP may also help to curb USD's gains. No surprises are anticipated from the upcoming PBoC and BoJ meetings next week. Domestically, stable growth prospects and authorities' continued support may help keep the ringgit stable.

## Technical Analysis

- The USDMYR is expected to turn neutral-to-bearish next week, with the pair expected to trade near its 5-day EMA of 4.784.
- Technically, MYR could strengthen against the USD if risk sentiment improves, with immediate support at (S1) 4.781.

Table 1: Currency Outlook

Long Term*							
	Q1-24	Q2-24F	Q3-24F	Q4-24F	Q1-25F	Q2-25F	Trend
USDMYR	4.725	4.597	4.508	4.416	4.324	4.232	▼
Short Term (Technical)							
	RSI (7)	EMA (5)	R1	R2	S1	S2	Trend
USDMYR	71.019	4.784	4.797	4.804	4.781	4.773	▼

Signal for USD Trend = ▲ Bullish    — Neutral    ▼ Bearish

\*F=Forecasts for end of period

Source: Kenanga Research, Bloomberg

RSI (7): 7-day Relative Strength Index

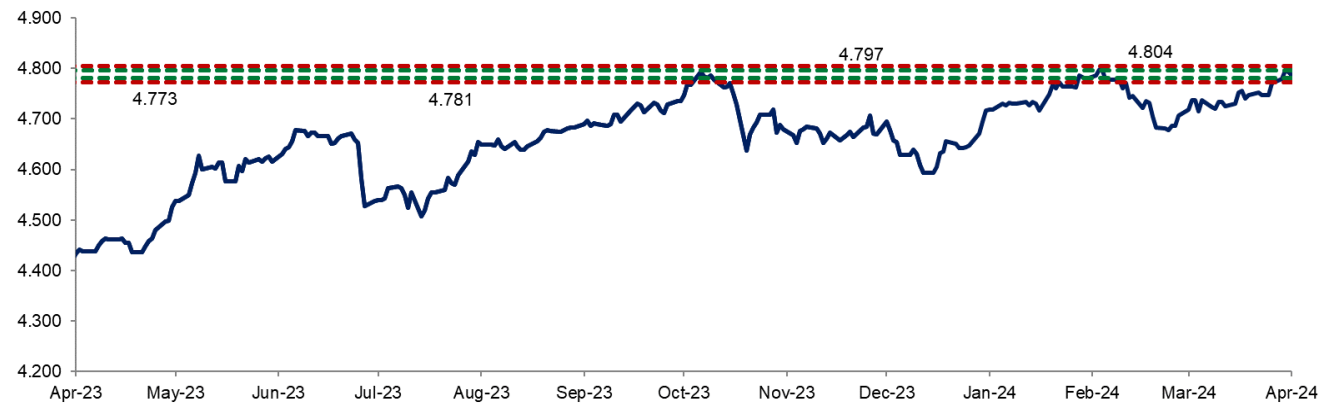
Measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

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.

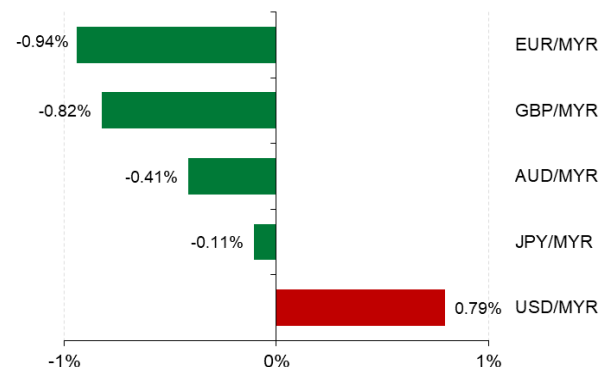
$$EMA = (P \times \alpha) + [Previous\ EMA \times (1 - \alpha)]$$

Graph 1: USDMYR Trend



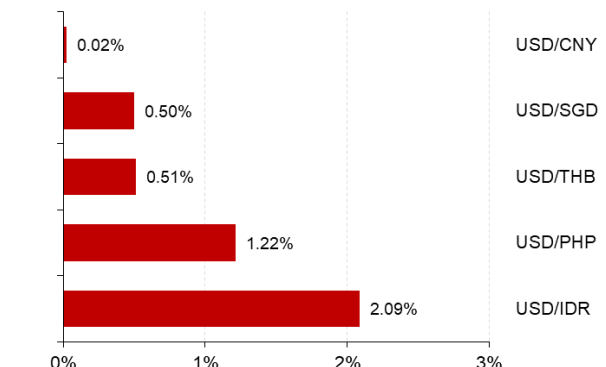
Source: Kenanga Research, Bloomberg

Graph 2: Weekly Performance of Core Pairs



Source: Kenanga Research, Bloomberg

Graph 3: Weekly Regional Peers' Performance



Source: Kenanga Research, Bloomberg

19 April 2024

Table 2: Performance of Core Pairs

Currencies	02/01/24 YTD	18/04/23 Last Year	18/03/24 Last Month	11/04/24 Last Week	18/04/24 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
<b>MYR</b>									
USDMYR	4.606	4.434	4.718	4.748	4.786	3.90%	7.93%	1.43%	0.79%
AUDMYR	3.142	2.988	3.099	3.096	3.084	-1.86%	3.21%	-0.50%	-0.41%
GBPMYR	5.857	5.513	6.009	6.018	5.969	1.90%	8.26%	-0.67%	-0.82%
EURMYR	5.073	4.866	5.142	5.155	5.106	0.65%	4.93%	-0.71%	-0.94%
JPYMYR	3.251	3.307	3.163	3.102	3.098	-4.69%	-6.30%	-2.05%	-0.11%
SGDMYR	3.482	3.328	3.527	3.532	3.519	1.07%	5.73%	-0.22%	-0.37%
<b>ASEAN 5 + CN + JP</b>									
USDIDR	15470	14843	15691	15848	16179	4.58%	9.00%	3.11%	2.09%
USDTHB	34.151	34.292	35.955	36.573	36.761	7.64%	7.20%	2.24%	0.51%
USDSGD	1.323	1.332	1.338	1.353	1.360	2.79%	2.11%	1.67%	0.50%
USDPHP	55.665	56.14	55.55	56.502	57.189	2.74%	1.87%	2.95%	1.22%
USDCNY	7.143	6.876	7.198	7.237	7.239	1.34%	5.27%	0.56%	0.02%
USDJPY	141.650	134.090	149.130	153.070	154.450	9.04%	15.18%	3.57%	0.90%
<b>USD</b>									
EURUSD	1.101	1.098	1.090	1.073	1.068	-3.02%	-2.74%	-2.06%	-0.50%
GBPUSD	1.270	1.244	1.274	1.254	1.248	-1.71%	0.32%	-2.03%	-0.49%
AUDUSD	0.682	0.674	0.657	0.653	0.644	-5.49%	-4.42%	-1.90%	-1.26%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
22/04/2024	CN	Loan Prime Rate (1Y)	3.45%	3.45% (status quo)
24/04/2024	US	Durable Goods Orders (MAR)	1.4% MoM	2.8% MoM
25/04/2024	MY	Inflation Rate (MAR)	1.8% YoY	2.0% YoY*
25/04/2024	US	GDP Growth Rate Advance (Q1)	3.4% QoQ	2.3% QoQ
26/04/2024	JP	BoJ Interest Rate Decision	0.0%-0.1%	0.0%-0.1% (status quo)*
26/04/2024	MY	PPI (MAR)	0.3% YoY	N/A
26/04/2024	US	Core PCE Price Index (MAR)	0.3% MoM	0.3% MoM
26/04/2024	US	Personal Income (MAR)	0.3% MoM	0.5% MoM

Source: Kenanga Research, Trading Economics, Bloomberg  
\*KIBB

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