

Ringgit Weekly Outlook

To rangebound above 4.70/USD amid growing caution on US economic outlook

Fundamental Overview

- Despite the ringgit's failure to strengthen below the 4.70/USD level, further signs of weakness in the US economy, such as the weaker-than-expected US retail sales reading of 0.1% MoM (consensus: 0.3%), have helped the ringgit remain stable below 4.71/USD. Americans are beginning to cut back on spending as the prolonged high-interest-rate policy takes its toll, indicating a potential broader softening in US growth momentum heading into 2H24. Mixed China economic activity and the PBoC's status quo have not provided support for the ringgit. Additionally, concerns over the French election have weakened the EUR, contributing to a stronger DXY.
- A dovish pause by the Bank of England yesterday has pressured the GBP and pushed the DXY higher, resulting in the ringgit weakening back above the 4.71/USD level. Despite recent evidence of weakness in the US economy, Fed speakers continue to emphasise the need for more data before considering easing, which may keep markets cautious and the DXY elevated above 105.0 in the coming week. Expected stable domestic inflation, projected at 1.9% YoY, may help keep the ringgit stable. The focus will be on the US housing market, consumer spending and core PCE reading next week, where further cooling could solidify expectations for a rate cut as early as September, bolstering the local note.

Technical Analysis

- The USDMYR's neutral outlook is expected to persist for the week ahead, with the pair likely to trade near its 5-day EMA of 4.713.
- The pair may hover in a range of (S2) 4.700 – (R2) 4729 next week. However, weak US data may drive the pair to trade below 4.700.

Table 1: Currency Outlook

Long Term*							
	Q1-24	Q2-24F	Q3-24F	Q4-24F	Q1-25F	Q2-25F	Trend
USDMYR	4.725	4.666	4.553	4.416	4.324	4.232	▼

Short Term (Technical)							
	RSI (7)	EMA (5)	R1	R2	S1	S2	Trend
USDMYR	55.857	4.713	4.722	4.729	4.708	4.700	—

Signal for USD Trend = ▲ Bullish — Neutral ▼ Bearish

*F=Forecasts for end of period

Source: Kenanga Research, Bloomberg

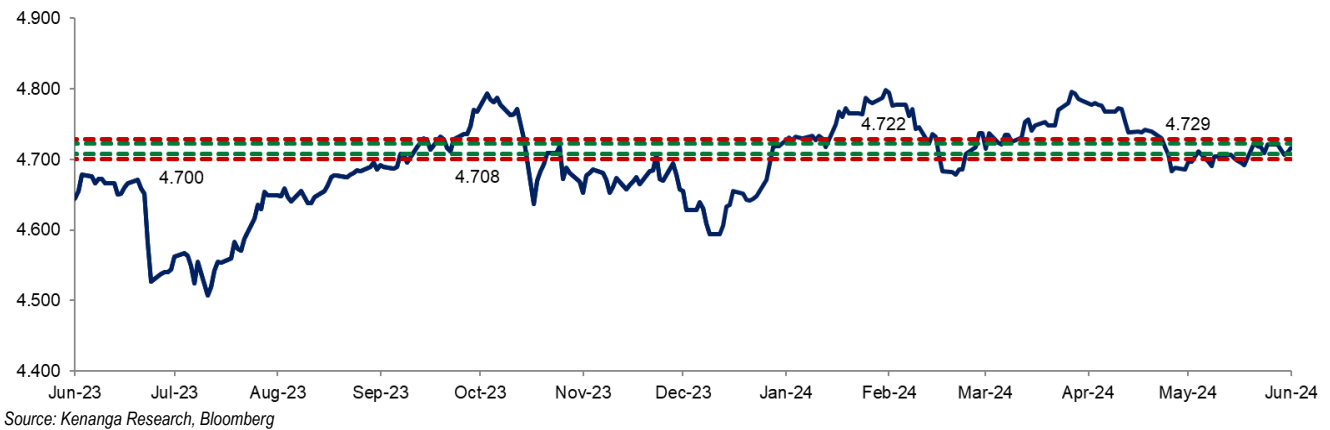
RSI (7): 7-day Relative Strength Index
Measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

EMA (5): 5-day Exponential Moving Average

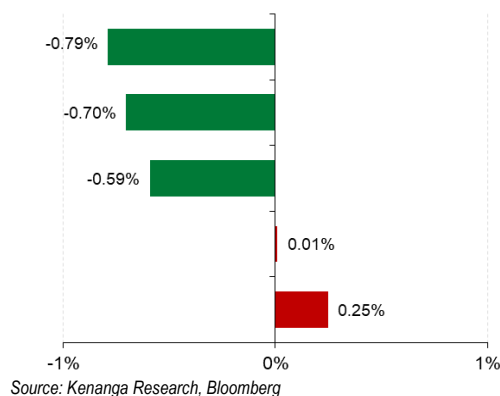
EMA gives more weight to the most recent periods, places more emphasis on what has been happening lately. Old data points retain a multiplier even if they are outside of the selected data series length.

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

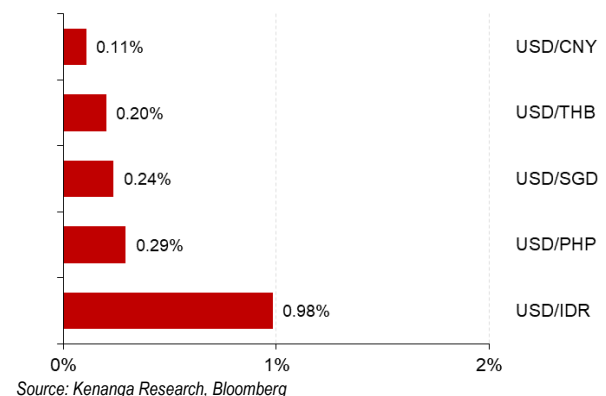
Graph 1: USDMYR Trend



Graph 2: Weekly Performance of Core Pairs



Graph 3: Weekly Regional Peers' Performance



21 June 2024

Table 2: Performance of Core Pairs

Currencies	02/01/24 YTD	20/06/23 Last Year	20/05/24 Last Month	13/06/24 Last Week	20/06/24 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
MYR									
USDMYR	4.606	4.641	4.686	4.709	4.710	2.25%	1.49%	0.50%	0.01%
AUDMYR	3.142	3.149	3.137	3.133	3.141	-0.04%	-0.26%	0.11%	0.25%
GBPMYR	5.857	5.925	5.954	6.020	5.984	2.16%	1.00%	0.51%	-0.59%
EURMYR	5.073	5.070	5.094	5.087	5.051	-0.43%	-0.37%	-0.83%	-0.70%
JPYMYR	3.251	3.282	3.010	2.996	2.973	-8.55%	-9.41%	-1.24%	-0.79%
SGDMYR	3.482	3.457	3.482	3.490	3.482	0.01%	0.73%	0.00%	-0.24%
ASEAN 5 + CNY + JPY									
USDIDR	15470	15005	15978	16270	16430	6.21%	9.50%	2.83%	0.98%
USDTHB	34.151	34.748	36.047	36.667	36.741	7.58%	5.74%	1.93%	0.20%
USDSGD	1.323	1.343	1.346	1.349	1.353	2.21%	0.74%	0.50%	0.24%
USDPHP	55.665	55.555	57.875	58.597	58.769	5.58%	5.79%	1.54%	0.29%
USDCNY	7.143	7.181	7.236	7.253	7.260	1.64%	1.11%	0.34%	0.11%
USDJPY	141.650	141.420	155.710	157.180	158.420	11.84%	12.02%	1.74%	0.79%
USD									
EURUSD	1.101	1.093	1.087	1.079	1.073	-2.53%	-1.82%	-1.31%	-0.60%
GBPUSD	1.270	1.277	1.270	1.278	1.270	0.07%	-0.48%	0.02%	-0.56%
AUDUSD	0.682	0.679	0.669	0.665	0.667	-2.11%	-1.75%	-0.22%	0.38%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
25/06/2024	MY	Inflation Rate (MAY)	1.8% YoY	1.9% YoY*
25/06/2024	US	S&P/Case-Shiller Home Price (APR)	1.6% MoM	N/A
26/06/2024	US	New Home Sales (MAY)	0.634m	0.650m
27/06/2024	MY	PPI (MAY)	1.9% YoY	N/A
27/06/2024	US	Durable Goods Orders (MAY)	0.7% MoM	0.0% MoM
27/06/2024	US	Pending Home Sales (MAY)	-7.7% MoM	N/A
28/06/2024	US	Core PCE Price Index (MAY)	0.2% MoM	0.1% MoM
28/06/2024	US	Personal Spending (MAY)	0.2% MoM	0.3% MoM

Source: Kenanga Research, Trading Economics, Bloomberg

*KIBB

For further information, please contact:

Wan Suhaimie Wan Mohd Saidie
Head of Economic Research
wansuhaimi@kenanga.com.my

Muhammad Saifuddin Sapuan
Economist
saifuddin.sapuan@kenanga.com.my

Afiq Asyraf Syazwan Abd. Rahim
Economist
afiqasyraf@kenanga.com.my

Nurul Hanees Hairulkama
Economist
nurulhanees@kenanga.com.my

This document has been prepared for general circulation based on information obtained from sources believed to be reliable, but we do not make any representations as to its accuracy or completeness. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may read this document. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees. Kenanga Investment Bank Berhad accepts no liability whatsoever for any direct or consequential loss arising from any use of this document or any solicitations of an offer to buy or sell any securities. Kenanga Investment Bank Berhad and its associates, their directors, and/or employees may have positions in, and may affect transactions in securities mentioned herein from time to time in the open market or otherwise, and may receive brokerage fees or act as principal or agent in dealings with respect to these companies. Kenanga Investment Bank Berhad being a full-service investment bank offers investment banking products and services and acts as issuer and liquidity provider with respect to a security that may also fall under its research coverage.

Published by:

KENANGA INVESTMENT BANK BERHAD (15678-H)

Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia

Telephone: (603) 2172 0880 Website: www.kenanga.com.my E-mail: research@kenanga.com.my