

Ringgit Weekly Outlook

Range-bound with a downside bias on potential UST yields rise

Fundamental Overview

- Despite falling Brent crude oil price due to the COVID-19 concerns, MYR extended its gains against the USD and managed to trade below the 4.14 level as the US Treasury (UST) yields lose its upward momentum. The yield on the benchmark US 10-year treasury note fell to 1.62% on 8th Apr after the US jobless claims rose unexpectedly.
- Upside to the MYR appears to be limited this week as the direction of the ringgit will be heavily influence by the volatile oil market and UST yields. A stronger-than-expected US inflation reading could prompt the UST yields to trade higher, providing support to the dollar. Thus, MYR is seen to trade range-bound between 4.13-4.14 before closing the week slightly lower against the greenback.

Technical Analysis

- 5-day EMA indicator suggests that the MYR may chart a slight depreciation against the USD by 0.04% this week.
- The short-term technical outlook indicates that the USDMYR pair may test the resistance zone at (R1) 4.139, which will be bearish for the MYR. However, a persistent rise in crude oil price could bring the USDMYR to test the (S1) 4.130 support level, allowing the MYR to have a slight edge against USD.

Table 1: Currency Outlook

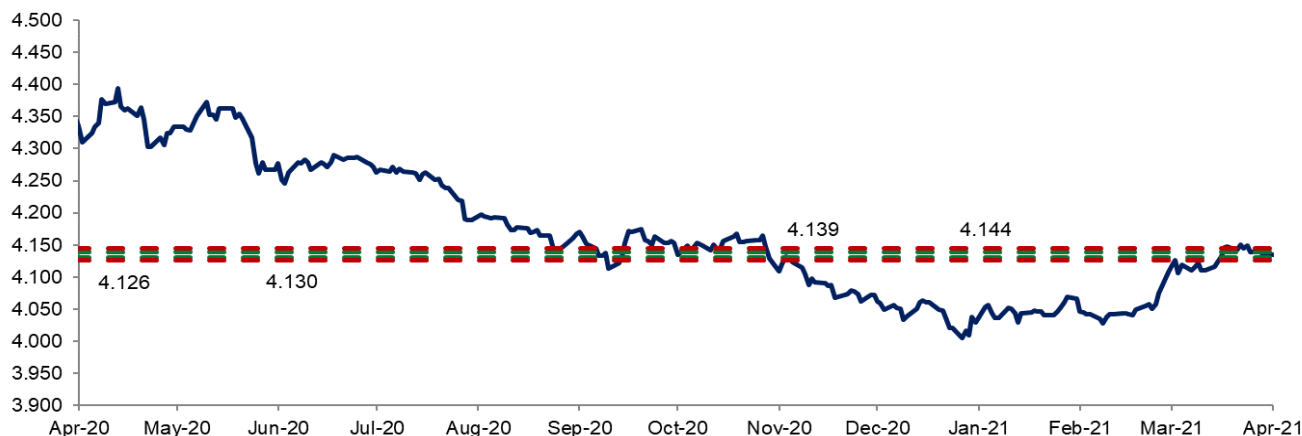
Long Term*						
	Q1-21F	Q2-21F	Q3-21F	Q4-21F	Q1-22F	OUTLOOK
USDMYR	4.145	4.088	3.979	3.953	3.931	▼
Short Term (Technical)						
	EMA (5)	R1	R2	S1	S2	OUTLOOK
USDMYR	4.136	4.139	4.144	4.130	4.126	▲

Signal for USD Trend = ▲ Bullish — Neutral ▼ Bearish

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

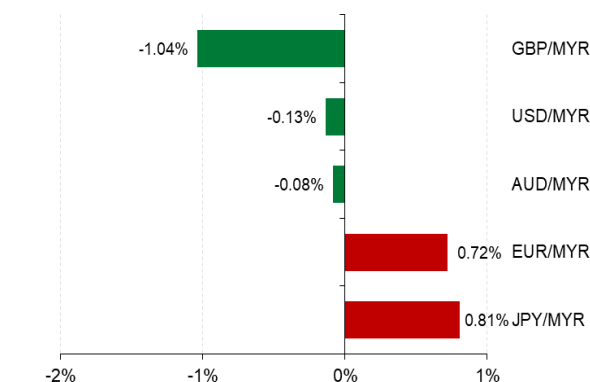
$$EMA = (P \times \alpha) + [Previous\ EMA \times (1 - \alpha)]$$

Graph 1: USDMYR Trend



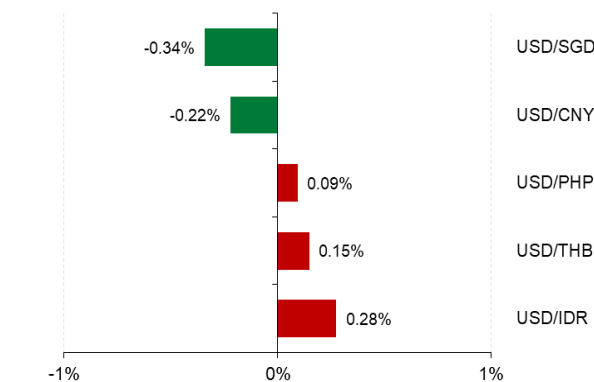
Source: Kenanga Research, Bloomberg

Graph 2: Weekly Performance of Core Pairs



Source: Kenanga Research, Bloomberg

Graph 3: Weekly Peers' Performance



Source: Kenanga Research, Bloomberg

12 April 2021

Table 2: Performance of Core Pairs

Currencies	01/01/21 YTD	09/04/20 Last Year	09/03/21 Last Month	02/04/21 Last Week	09/04/21	ytd (%)	yoy (%)	mom (%)	wow (%)
MYR									
USDMYR	4.020	4.336	4.119	4.140	4.134	2.83%	-4.66%	0.37%	-0.13%
AUDMYR	3.099	2.700	3.171	3.152	3.149	1.61%	16.65%	-0.68%	-0.08%
GBPMYR	5.495	5.380	5.720	5.728	5.668	3.15%	5.35%	-0.90%	-1.04%
EURMYR	4.900	4.714	4.898	4.878	4.913	0.26%	4.22%	0.31%	0.72%
JPYMYR	3.895	3.984	3.788	3.739	3.770	-3.21%	-5.39%	-0.49%	0.81%
SGDMYR	3.043	3.046	3.061	3.081	3.081	1.25%	1.14%	0.65%	-0.01%
ASEAN 5 + CN + JP									
USDIDR	14050	15880	14405	14525	14565	3.67%	-8.28%	1.11%	0.28%
USDTHB	30.028	32.833	30.761	31.329	31.376	4.49%	-4.44%	2.00%	0.15%
USDSGD	1.322	1.424	1.346	1.346	1.342	1.48%	-5.77%	-0.30%	-0.34%
USDPHP	48.03	50.57	48.502	48.521	48.567	1.12%	-3.96%	0.13%	0.09%
USDCNY	6.527	7.043	6.507	6.567	6.553	0.39%	-6.96%	0.71%	-0.22%
USDJPY	103.200	108.830	108.720	110.690	109.670	6.27%	0.77%	0.87%	-0.92%
USD									
EURUSD	1.221	1.086	1.190	1.176	1.190	-2.59%	9.57%	-0.02%	1.19%
GBPUSD	1.367	1.244	1.388	1.383	1.371	0.26%	10.19%	-1.25%	-0.90%
AUDUSD	0.769	0.623	0.771	0.761	0.762	-0.92%	22.36%	-1.06%	0.17%

Source: Kenanga Research, Bloomberg

Table 3: Upcoming Major Data Release

Date	Country	Indicator	Consensus/Forecast
13/4/2021	CN	Exports (MAR)	32.7% YoY
13/4/2021	US	Inflation Rate (MAR)	2.5% YoY
14/4/2021	US	Export Prices (MAR)	1.0% MoM
15/4/2021	US	Retail Sales (MAR)	5.5% MoM
15/4/2021	US	Initial Jobless Claims (10/APR)	700.0k
15/4/2021	US	Industrial Production (MAR)	2.8% MoM
16/4/2021	CN	Industrial Production (MAR)	15.6% YoY

Source: Kenanga Research, Trading Economics

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