

Ringgit Weekly Outlook

Under pressure due to a resurgence in domestic COVID-19 infections

Fundamental Overview

- MYR continued to gain ground against the USD last week, as Brent crude oil price recorded a weekly gain of more than 6.0% on demand optimism, whereas the USD index slipped to a three-week low on falling US Treasury (UST) yields. The 10-year UST yield dropped to below 1.6% for the first time since 11th March despite a stronger-than-expected US inflation and retail sales readings.
- MYR is expected to trade in a tight range this week as lack of market-moving catalysts will likely keep the 10-year UST within the 1.5-1.6% range and limit further upside in the Brent crude oil price. The daily rise in domestic COVID-19 cases could put some pressure on the local note as investor sentiment may turn cautious about the likelihood of a fourth wave of infection.

Technical Analysis

- EMA technical indicator signals a reversal in the USDMYR trend, with the ringgit expected to depreciate marginally against the greenback by 0.05% to 4.128 this week.
- The USDMYR pair may trade with a neutral-to-bullish tone this week and break either above the (R1) 4.133 level or dip below the (S1) 4.121 level. Whichever way, the price movement would also be influenced by news flows and events.

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 | 4.128 | 4.133 | 4.140 | 4.121 | 4.116 | ▲ |

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.

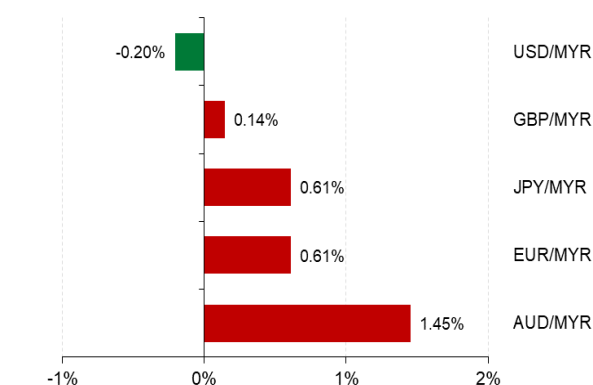
$$EMA = (P \times \alpha) + [Previous EMA \times (1 - \alpha)]$$

Graph 1: USDMYR Trend



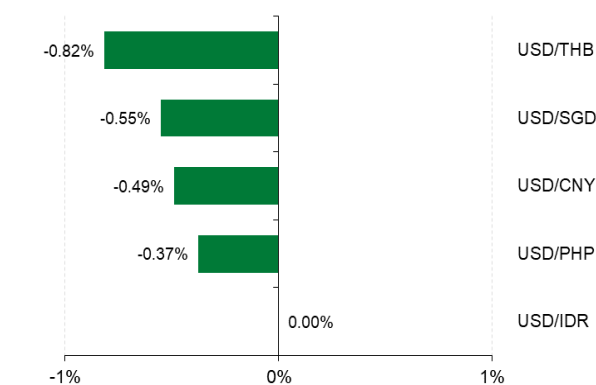
Source: Kenanga Research, Bloomberg

Graph 2: Weekly Performance of Core Pairs



Source: Kenanga Research, Bloomberg

Graph 3: Weekly Peers' Performance



Source: Kenanga Research, Bloomberg

19 April 2021

Table 2: Performance of Core Pairs

| Currencies | 01/01/21 YTD | 16/04/20 Last Year | 16/03/21 Last Month | 09/04/21 Last Week | 16/04/21 | ytd (%) | yoy (%) | mom (%) | wow (%) |
|--------------------------|-----------------|-----------------------|------------------------|-----------------------|----------|---------|---------|---------|---------|
| MYR | | | | | | | | | |
| USDMYR | 4.020 | 4.377 | 4.114 | 4.134 | 4.126 | 2.62% | -5.74% | 0.28% | -0.20% |
| AUDMYR | 3.099 | 2.759 | 3.176 | 3.149 | 3.195 | 3.08% | 15.78% | 0.58% | 1.45% |
| GBPMYR | 5.495 | 5.463 | 5.685 | 5.668 | 5.677 | 3.30% | 3.92% | -0.15% | 0.14% |
| EURMYR | 4.900 | 4.764 | 4.907 | 4.913 | 4.943 | 0.87% | 3.77% | 0.74% | 0.61% |
| JPYMYR | 3.895 | 4.065 | 3.770 | 3.770 | 3.793 | -2.62% | -6.70% | 0.60% | 0.61% |
| SGDMYR | 3.043 | 3.067 | 3.056 | 3.081 | 3.094 | 1.70% | 0.89% | 1.27% | 0.44% |
| ASEAN 5 + CN + JP | | | | | | | | | |
| USIDR | 14050 | 15640 | 14410 | 14565 | 14565 | 3.67% | -6.87% | 1.08% | 0.00% |
| USDTHB | 30.028 | 32.677 | 30.755 | 31.457 | 31.200 | 3.90% | -4.52% | 1.45% | -0.82% |
| USDSGD | 1.322 | 1.427 | 1.345 | 1.342 | 1.334 | 0.92% | -6.49% | -0.82% | -0.55% |
| USDPHP | 48.03 | 50.784 | 48.644 | 48.567 | 48.385 | 0.74% | -4.72% | -0.53% | -0.37% |
| USDCNY | 6.527 | 7.080 | 6.506 | 6.553 | 6.521 | -0.10% | -7.90% | 0.22% | -0.49% |
| USDJPY | 103.200 | 107.660 | 109.130 | 109.670 | 108.800 | 5.43% | 1.06% | -0.30% | -0.79% |
| USD | | | | | | | | | |
| EURUSD | 1.221 | 1.088 | 1.194 | 1.190 | 1.198 | -1.90% | 10.14% | 0.33% | 0.71% |
| GBPUSD | 1.367 | 1.249 | 1.385 | 1.371 | 1.383 | 1.17% | 10.72% | -0.11% | 0.91% |
| AUDUSD | 0.769 | 0.631 | 0.774 | 0.762 | 0.773 | 0.52% | 22.65% | -0.08% | 1.46% |

Source: Kenanga Research, Bloomberg

Table 3: Upcoming Major Data Release

| Date | Country | Indicator | Consensus/Forecast |
|-----------|---------|--------------------------------------|--------------------|
| 20/4/2021 | CN | Loan Prime Rate 1Y | N/A |
| 22/4/2021 | US | Initial Jobless Claims (17/APR) | N/A |
| 22/4/2021 | US | Existing Home Sales (MAR) | 0.9% MoM |
| 23/4/2021 | MY | Inflation Rate (MAR) | 1.9% YoY |
| 23/4/2021 | US | Markit Manufacturing PMI Flash (APR) | 60.5 |
| 23/4/2021 | US | New Home Sales (MAR) | 12.0% MoM |
| 26/4/2021 | US | Durable Goods Orders (MAR) | 1.9% MoM |

Source: Kenanga Research, Trading Economics

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