

Ringgit Weekly Outlook

To seesaw between gains and losses while technical suggests a corrective dip

Fundamental Overview

- MYR rose to an eight-week high on Friday's closing last week, supported by a stable Brent crude oil price and Fed's continuous dovish stance. In addition, robust Malaysia trade data has helped to boost domestic economic recovery optimism, which in turn prompted the investors to pick up ringgit, particularly against the USD.
- MYR is seen to track the yield on the 10-year US treasury (UST) and seesaw between the range of 4.08-4.10 this week. The local note may weaken if there is an increase in the UST yields following this week US economic data releases. However, strong Malaysia economic data, especially PMI and IPI readings, should help to provide support for the ringgit.

Technical Analysis

- EMA technical indicator signals a reversal in the USDMYR trend, with the ringgit expected to depreciate against the greenback by 0.16% to 4.099 this week.
- From a technical perspective, the safe-haven dollar is expected to see some upward momentum as risk aversion grows, with an immediate resistance observed at (R1) 4.099 level. Inversely, a break below the (S1) 4.083 support level is needed to validate the bearish reversal pattern for the 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 | 4.099 | 4.099 | 4.109 | 4.083 | 4.077 | ▲ |

Signal for USD Trend = ▲ Bullish — Neutral ▼ Bearish

*F=Forecasts for end of period

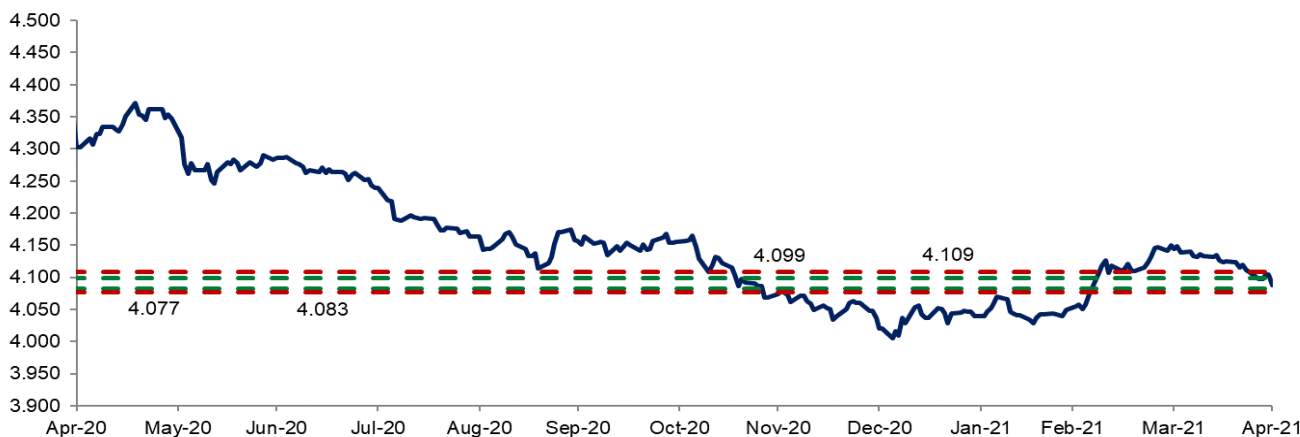
Source: Kenanga Research, Bloomberg

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.

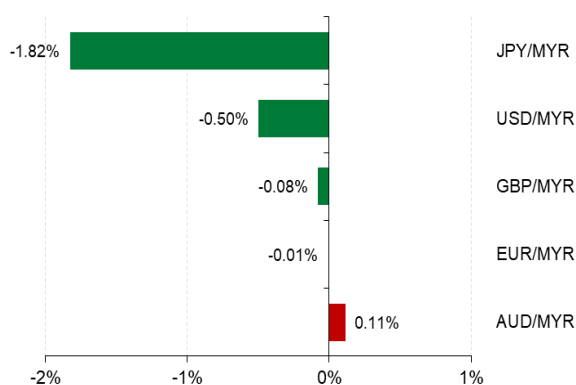
$$EMA = (P \times \alpha) + [Previous\ EMA \times (1 - \alpha)]$$

Graph 1: USDMYR Trend



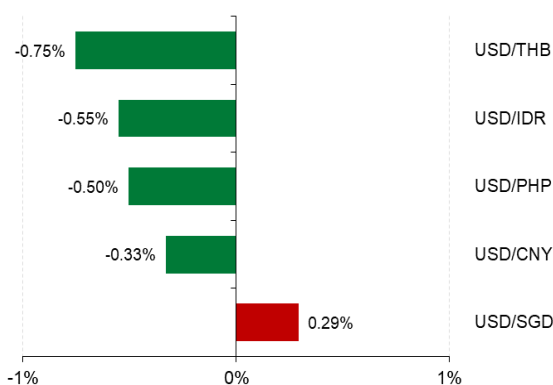
Source: Kenanga Research, Bloomberg

Graph 2: Weekly Performance of Core Pairs



Source: Kenanga Research, Bloomberg

Graph 3: Weekly Peers' Performance



Source: Kenanga Research, Bloomberg

03 May 2021

Table 2: Performance of Core Pairs

| Currencies | 01/01/21 YTD | 30/04/20 Last Year | 30/03/21 Last Month | 23/04/21 Last Week | 30/04/21 | ytd (%) | yoy (%) | mom (%) | wow (%) |
|--------------------------|-----------------|-----------------------|------------------------|-----------------------|----------|---------|---------|---------|---------|
| MYR | | | | | | | | | |
| USDMYR | 4.020 | 4.302 | 4.151 | 4.109 | 4.088 | 1.68% | -4.98% | -1.51% | -0.50% |
| AUDMYR | 3.099 | 2.816 | 3.169 | 3.178 | 3.182 | 2.67% | 12.98% | 0.40% | 0.11% |
| GBPMYR | 5.495 | 5.368 | 5.716 | 5.701 | 5.696 | 3.66% | 6.11% | -0.34% | -0.08% |
| EURMYR | 4.900 | 4.685 | 4.875 | 4.954 | 4.954 | 1.09% | 5.75% | 1.62% | -0.01% |
| JPYMYR | 3.895 | 4.037 | 3.760 | 3.809 | 3.739 | -3.99% | -7.38% | -0.55% | -1.82% |
| SGDMYR | 3.043 | 3.054 | 3.081 | 3.094 | 3.085 | 1.39% | 1.03% | 0.12% | -0.29% |
| ASEAN 5 + CN + JP | | | | | | | | | |
| USDIDR | 14050 | 14882 | 14480 | 14525 | 14445 | 2.81% | -2.94% | -0.24% | -0.55% |
| USDTHB | 30.028 | 32.376 | 31.267 | 31.397 | 31.160 | 3.77% | -3.76% | -0.34% | -0.75% |
| USDSGD | 1.322 | 1.409 | 1.347 | 1.327 | 1.331 | 0.67% | -5.58% | -1.20% | 0.29% |
| USDPHP | 48.03 | 50.42 | 48.55 | 48.384 | 48.140 | 0.23% | -4.52% | -0.84% | -0.50% |
| USDCNY | 6.527 | 7.063 | 6.572 | 6.496 | 6.475 | -0.80% | -8.33% | -1.47% | -0.33% |
| USDJPY | 103.200 | 106.590 | 110.390 | 107.880 | 109.310 | 5.92% | 2.55% | -0.98% | 1.33% |
| USD | | | | | | | | | |
| EURUSD | 1.221 | 1.088 | 1.173 | 1.210 | 1.202 | -1.60% | 10.52% | 2.45% | -0.64% |
| GBPUSD | 1.367 | 1.252 | 1.375 | 1.388 | 1.382 | 1.10% | 10.44% | 0.52% | -0.39% |
| AUDUSD | 0.769 | 0.655 | 0.762 | 0.774 | 0.772 | 0.29% | 17.87% | 1.29% | -0.30% |

Source: Kenanga Research, Bloomberg

Table 3: Upcoming Major Data Release for the Week

| Date | Country | Indicator | Consensus/Forecast |
|----------|---------|--------------------------------|--------------------|
| 3/5/2021 | MY | Markit Manufacturing PMI (APR) | N/A |
| 4/5/2021 | US | Balance of Trade (MAR) | -USD74.3b |
| 6/5/2021 | MY | Industrial Production (MAR) | N/A |
| 6/5/2021 | MY | Interest Rate Decision | 1.75% |
| 7/5/2021 | MY | Unemployment Rate (MAR) | N/A |
| 7/5/2021 | MY | Retail Sales (MAR) | N/A |
| 7/5/2021 | US | Non Farm Payrolls (APR) | 978.0k |

Source: Kenanga Research, Trading Economics

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