

Ringgit Weekly Outlook

To range-bound with a potential upside bias amid short-term USD weakness

Fundamental Overview

- MYR extended its bullish momentum and strengthened to an 11-week high against the USD, mainly due to stabilising Brent crude oil price amid global growth optimism. The local note also benefited from falling USD index (DXY) following a weak US jobs report. Even though domestic COVID-19 infections remained high, averaging at more than 20.0k a day for the past week, the ringgit uptrend remained intact as almost 50.0% of Malaysia's population has been fully vaccinated.
- MYR is expected to trade range-bound between 4.14 – 4.16 with an upside bias against the USD as the DXY is seen to hover near the 92.0 level amid a big downside miss for US non-farm payrolls in August. Additionally, little to no impact is expected from BNM 5th policy meeting as the central bank is likely to maintain status quo on interest rate. The direction of the ringgit will also be influenced by Malaysia's key economic indicators for this week.

Technical Analysis

- However, EMA signals that MYR may reverse last week's bullish trend, trading slightly lower against the greenback by 0.32%.
- The short-term USDMYR pair technical analysis indicates a bullish USD trend, probably due to its safe-haven pull factor, with an immediate resistance seen at (R1) 4.154. Otherwise, a downward reversal may drive the pair towards the (S2) 4.138 level, should the pair tilt below the (S1) 4.142 support level.

Table 1: Currency Outlook

Long Term*						
	Q2-21	Q3-21F	Q4-21F	Q1-22F	Q2-22F	OUTLOOK
USDMYR	4.149	4.221	4.182	4.153	4.131	▲

Short Term (Technical)						
	EMA (5)	R1	R2	S1	S2	OUTLOOK
USDMYR	4.159	4.154	4.163	4.142	4.138	▲

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.

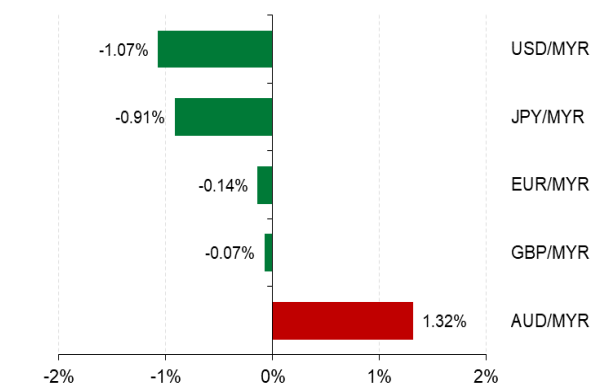
$$EMA = (P \times \alpha) + [Previous\ EMA \times (1 - \alpha)]$$

Graph 1: USDMYR Trend



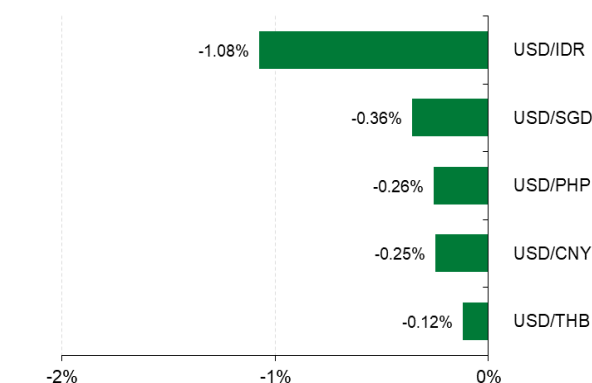
Source: Kenanga Research, Bloomberg

Graph 2: Weekly Performance of Core Pairs



Source: Kenanga Research, Bloomberg

Graph 3: Weekly Peers' Performance



Source: Kenanga Research, Bloomberg

Table 2: Performance of Core Pairs

Currencies	01/01/21 YTD	03/09/20 Last Year	03/08/21 Last Month	27/08/21 Last Fortnight	03/09/21 Last Week	ytd (%)	yoy (%)	mom (%)	wow (%)
MYR									
USDMYR	4.020	4.144	4.220	4.191	4.146	3.13%	0.05%	-1.75%	-1.07%
AUDMYR	3.099	3.030	3.119	3.042	3.082	-0.57%	1.69%	-1.20%	1.32%
GBPMYR	5.495	5.516	5.873	5.741	5.737	4.39%	4.01%	-2.32%	-0.07%
EURMYR	4.900	4.901	5.015	4.928	4.921	0.43%	0.42%	-1.88%	-0.14%
JPYMYR	3.895	3.892	3.865	3.816	3.781	-2.92%	-2.86%	-2.18%	-0.91%
SGDMYR	3.043	3.038	3.125	3.100	3.090	1.54%	1.70%	-1.12%	-0.35%
ASEAN 5 + CN + JP									
USDIDR	14050	14778	14342	14418	14263	1.52%	-3.48%	-0.55%	-1.08%
USDTHB	30.028	31.455	33.023	32.519	32.480	8.17%	3.26%	-1.64%	-0.12%
USDSGD	1.322	1.365	1.351	1.346	1.341	1.46%	-1.74%	-0.69%	-0.36%
USDPHP	48.03	48.581	49.615	49.95	49.822	3.73%	2.55%	0.42%	-0.26%
USDCNY	6.527	6.849	6.470	6.472	6.456	-1.09%	-5.74%	-0.22%	-0.25%
USDJPY	103.200	106.460	109.180	109.840	109.710	6.31%	3.05%	0.49%	-0.12%
USD									
EURUSD	1.221	1.181	1.189	1.180	1.188	-2.74%	0.57%	-0.07%	0.72%
GBPUSD	1.367	1.325	1.394	1.376	1.387	1.46%	4.67%	-0.46%	0.78%
AUDUSD	0.769	0.729	0.740	0.731	0.746	-3.04%	2.28%	0.87%	2.02%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Consensus/Forecast
7/9/2021	CN	Exports (AUG)	17.1% YoY
8/9/2021	US	JOLTs Job Openings (JUL)	N/A
9/9/2021	CN	Inflation Rate (AUG)	1.0% YoY
9/9/2021	MY	Unemployment Rate (JUL)	N/A
9/9/2021	MY	Interest Rate Decision	1.75%
9/9/2021	US	Initial Jobless Claims (04/SEP)	335.0k
10/9/2021	MY	Industrial Production (JUL)	N/A
10/9/2021	MY	Retail Sales (JUL)	N/A
10/9/2021	US	PPI (AUG)	0.6% MoM

Source: Kenanga Research, Trading Economics

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

Zalman Basree
Economist
zalman@kenanga.com.my

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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