

# Ringgit Weekly Outlook

To linger around the 4.21-level over Fed hawkish revelation

## Fundamental Overview

- MYR experienced selling pressure and closed the first trading week of 2022 in the red after the minutes of the FOMC December meeting indicated that the Fed has turned more hawkish. Despite a 5.1% WoW gain in Brent crude oil price, the USDMYR once again breached the 4.20 threshold as the US 10-year Treasury yield rose to 1.76% (Jan 7), its highest level since January 2020.
- Even though the USD index fell to below the 96.0 mark last Friday amid a disappointing US December jobs report, the USDMYR pair may turn muted this week and is expected to trade around the 4.21 level due to lingering Omicron worries. However, the local note may face another round of sell-off if the US inflation rate spikes again, increasing the likelihood that the Fed would kick off its policy normalisation sooner.

## Technical Analysis

- According to our 5-day EMA indicator, MYR is projected to reverse its weakness with a slight gain of 0.21% against the greenback this week.
- The safe-haven dollar may face some downward pressure this week amid a potential improvement in Malaysia macroeconomic readings, with an immediate support observed at (S1) 4.182 level. Inversely, a break above the (R1) 4.223 resistance level is needed to confirm the resumption of USD uptrend.

Table 1: Currency Outlook

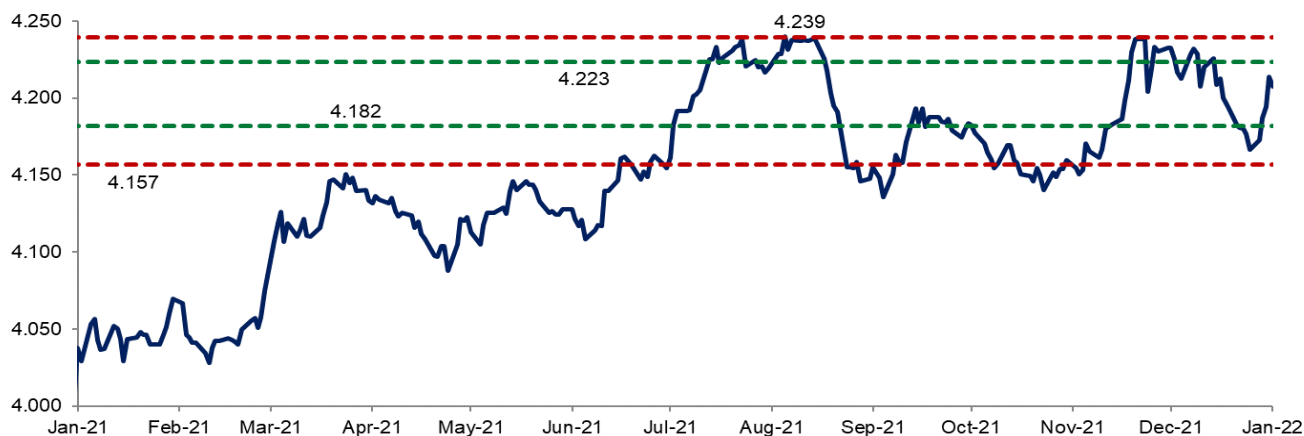
Long Term*						
	Q4-21	Q1-22F	Q2-22F	Q3-22F	Q4-22F	OUTLOOK
USDMYR	4.167	4.153	4.131	4.113	4.100	▼
Short Term (Technical)						
	EMA (5)	R1	R2	S1	S2	OUTLOOK
USDMYR	4.199	4.223	4.239	4.182	4.157	▼

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.

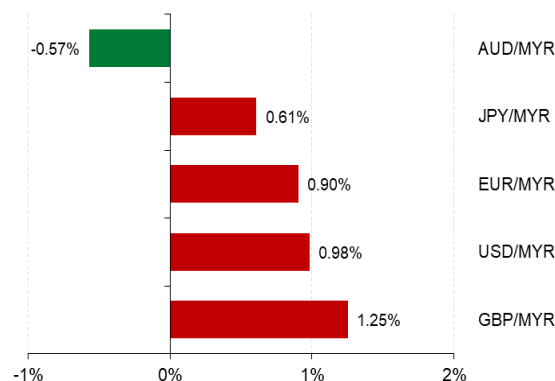
$$EMA = (P \times \alpha) + [Previous\ EMA \times (1 - \alpha)]$$

Graph 1: USDMYR Trend



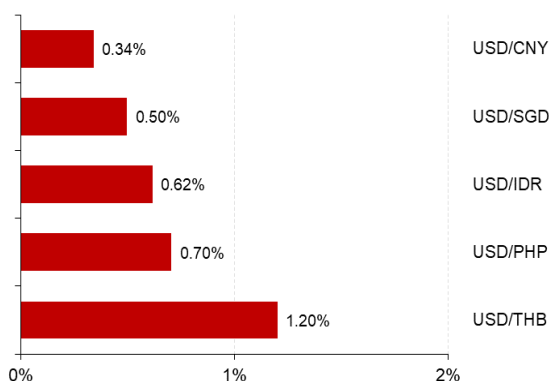
Source: Kenanga Research, Bloomberg

Graph 2: Weekly Performance of Core Pairs



Source: Kenanga Research, Bloomberg

Graph 3: Weekly Peers' Performance



Source: Kenanga Research, Bloomberg

10 January 2022

Table 2: Performance of Core Pairs

Currencies	03/01/22 YTD	07/01/21 Last Year	07/12/21 Last Month	31/12/21 Last Fortnight	07/01/22 Last Week	ytd (%)	yoy (%)	mom (%)	wow (%)
<b>MYR</b>									
USDMYR	4.173	4.038	4.233	4.167	4.208	0.83%	4.21%	-0.59%	0.98%
AUDMYR	3.028	3.127	3.003	3.028	3.011	-0.56%	-3.73%	0.24%	-0.57%
GBPMYR	5.642	5.474	5.611	5.631	5.702	1.05%	4.17%	1.62%	1.25%
EURMYR	4.738	4.945	4.772	4.719	4.762	0.51%	-3.70%	-0.20%	0.90%
JPYMYR	3.626	3.895	3.726	3.620	3.642	0.46%	-6.48%	-2.25%	0.61%
SGDMYR	3.092	3.049	3.096	3.086	3.097	0.15%	1.57%	0.04%	0.37%
<b>ASEAN 5 + CN + JP</b>									
USDIDR	14266	13910	14378	14263	14351	0.60%	3.17%	-0.19%	0.62%
USDTHB	33.163	30.042	33.685	33.211	33.610	1.35%	11.88%	-0.22%	1.20%
USDSGD	1.350	1.326	1.367	1.349	1.356	0.40%	2.25%	-0.80%	0.50%
USDPHP	50.998	48.069	50.377	50.992	51.351	0.69%	6.83%	1.93%	0.70%
USDCNY	6.356	6.478	6.366	6.356	6.378	0.34%	-1.55%	0.18%	0.34%
USDJPY	115.080	103.670	113.590	115.080	115.560	0.42%	11.47%	1.73%	0.42%
<b>USD</b>									
EURUSD	1.136	1.225	1.126	1.137	1.136	0.04%	-7.27%	0.88%	-0.09%
GBPUSD	1.351	1.357	1.326	1.353	1.359	0.56%	0.14%	2.50%	0.41%
AUDUSD	0.725	0.774	0.709	0.726	0.718	-0.95%	-7.19%	1.33%	-1.13%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Consensus/Forecast
10/1/2022	MY	Unemployment Rate (NOV)	N/A
10/1/2022	MY	Industrial Production (NOV)	7.0% YoY
10/1/2022	US	Wholesale Inventories (NOV)	1.2% MoM
11/1/2022	MY	Retail Sales (NOV)	N/A
12/1/2022	CN	Inflation Rate (DEC)	1.8% YoY
12/1/2022	US	Inflation Rate (DEC)	7.0% YoY
14/1/2022	CN	Exports (DEC)	20.0% YoY
14/1/2022	US	Retail Sales (DEC)	0.0% MoM
14/1/2022	US	Michigan Consumer Sentiment Prel (JAN)	70.0

Source: Kenanga Research, Trading Economics

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