

# Ringgit Weekly Outlook

Volatility to persist as investors continue to seek shelter in the safe-haven USD

## Fundamental Overview

- MYR ended weaker against the USD in a holiday-shortened week as the USD index (DXY) climbed near the 104.0 level while the 10-year US Treasury yield soared to as high as 3.13% (May 6) amid a bout of global risk-aversion in equities. Albeit strengthening slightly post-FOMC meeting due to Fed's Powell's comments against a 75 basis point hike, the ringgit quickly reversed its gains as demand for the greenback remained solid amid worries over slowing global economic growth.
- As the BNM is broadly expected to keep the overnight policy rate unchanged at 1.75% and as the DXY is seen to remain elevated around the 104.0 area, the ringgit may continue to trade under pressure within the 4.36 – 4.38 range. The USD may continue to be supported by a series of potential hawkish statement by Fed speakers and rising price pressures. However, a stronger-than-expected domestic macroeconomic readings, especially the 1Q22 GDP may help to limit ringgit's depreciation.

## Technical Analysis

- Looking at the EMA technical indicator, MYR is expected to appreciate marginally by 0.25% to 4.355 this week.
- From a technical point of view, the USDMYR pair could be at the cusp of reversing its gains and trade around the (S1) 4.355 level. Inversely, if the (R1) 4.373 level is broken, then the pair might attempt to move higher and test the (R2) 4.379 level.

Table 1: Currency Outlook

Long Term*						
	Q1-22	Q2-22F	Q3-22F	Q4-22F	Q1-23F	OUTLOOK
USDMYR	4.204	4.337	4.310	4.283	4.256	▲
Short Term (Technical)						
	EMA (5)	R1	R2	S1	S2	OUTLOOK
USDMYR	4.355	4.373	4.379	4.355	4.343	▼

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.

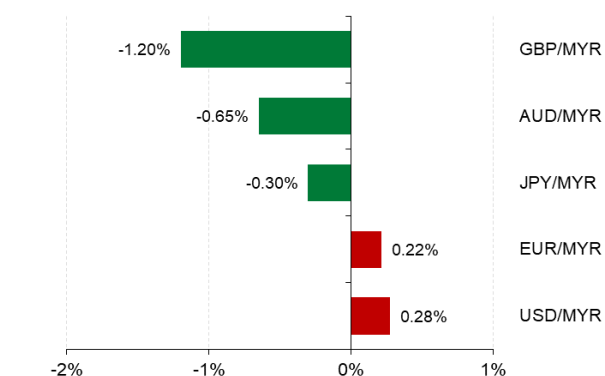
$$EMA = (P \times \alpha) + [Previous\ EMA \times (1 - \alpha)]$$

Graph 1: USDMYR Trend



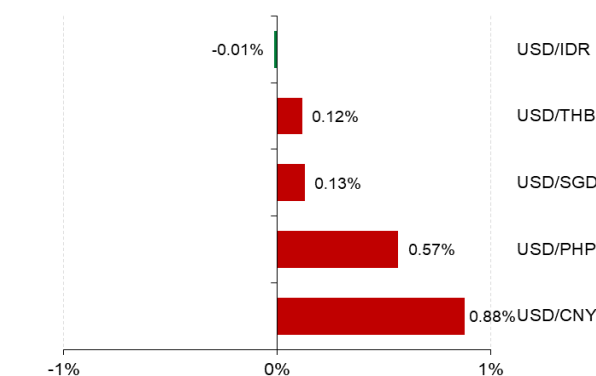
Source: Kenanga Research, Bloomberg

Graph 2: Weekly Performance of Core Pairs



Source: Kenanga Research, Bloomberg

Graph 3: Weekly Peers' Performance



Source: Kenanga Research, Bloomberg

09 May 2022

Table 2: Performance of Core Pairs

Currencies	03/01/22 YTD	22/04/21 Last Year	22/03/22 Last Month	15/04/22 Last Fortnight	22/04/22 Last Week	ytd (%)	yoy (%)	mom (%)	wow (%)
<b>MYR</b>									
USDMYR	4.173	4.123	4.214	4.355	4.367	4.64%	5.92%	3.61%	0.28%
AUDMYR	3.028	3.192	3.196	3.118	3.098	2.33%	-2.94%	-3.08%	-0.65%
GBPMYR	5.642	5.728	5.519	5.461	5.395	-4.38%	-5.80%	-2.24%	-1.20%
EURMYR	4.738	4.961	4.598	4.606	4.616	-2.58%	-6.96%	0.38%	0.22%
JPYMYR	3.626	3.778	3.399	3.354	3.344	-7.77%	-11.49%	-1.63%	-0.30%
SGDMYR	3.092	3.084	3.101	3.152	3.156	2.05%	2.32%	1.76%	0.10%
<b>ASEAN 5 + CN + JP</b>									
USDIDR	14266	14319	14359	14482	14480	1.50%	1.12%	0.84%	-0.01%
USDTHB	33.163	31.242	33.557	34.282	34.323	3.50%	9.86%	2.28%	0.12%
USDSGD	1.350	1.335	1.359	1.383	1.385	2.58%	3.76%	1.93%	0.13%
USDPHP	50.998	47.97	51.435	52.2	52.497	2.94%	9.44%	2.06%	0.57%
USDCNY	6.356	6.464	6.360	6.609	6.667	4.89%	3.13%	4.83%	0.88%
USDJPY	115.080	109.120	123.960	129.700	130.560	13.45%	19.65%	5.32%	0.66%
<b>USD</b>									
EURUSD	1.136	1.204	1.091	1.055	1.055	-7.08%	-12.38%	-3.31%	0.06%
GBPUSD	1.351	1.390	1.308	1.257	1.235	-8.61%	-11.14%	-5.63%	-1.80%
AUDUSD	0.725	0.775	0.757	0.706	0.708	-2.40%	-8.67%	-6.54%	0.21%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Consensus/Forecast
9/5/2022	CN	Balance of Trade (APR)	USD50.65b
9/5/2022	US	Wholesale Inventories (MAR)	2.3% MoM
10/5/2022	MY	Unemployment Rate (MAR)	N/A
10/5/2022	MY	Industrial Production (MAR)	5.4% YoY
11/5/2022	CN	Inflation Rate (APR)	1.9% YoY
11/5/2022	MY	Interest Rate Decision	1.75%
11/5/2022	US	Inflation Rate (APR)	8.1% YoY
12/5/2022	US	PPI (APR)	0.5% MoM
13/5/2022	MY	GDP Growth Rate (Q1)	5.7% YoY

Source: Kenanga Research, Trading Economics

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