

Ringgit likely to trade range-bound against the greenback this week

KUALA LUMPUR, June 5 (Bernama): The ringgit is expected to trade range-bound next week as investors remained cautious in the face of global inflation expectations, said an analyst.

Bank Islam Malaysia Bhd chief economist Mohd Afzanizam Abdul Rashid said the ringgit is likely to hover in a narrow range between RM4.38 and RM4.39 this week against the greenback.

"We believe the ringgit will continue to linger around the prevailing level, while important data points before the Federal Open Market Committee (FOMC) meeting on June 14 and 15 would be the inflation rate for May.

"It is likely to stay elevated amidst a healthy labour market condition and, therefore, the US will continue to stay hawkish in the near term," he said.

On Wednesday, the **Department of Statistics Malaysia** reported that Malaysia's inflation rate increased by 2.5 per cent, driven by the rising food and fuel prices in 2021.

The increase was higher compared with the 0.7 per cent inflation rate recorded during the pre-pandemic year of 2019.

Meanwhile, SPI Asset Management managing partner Stephen Innes said the global growth outlook could support the US dollar and turn investors away from riskier Malaysian assets.

"The degree the ringgit strengthens in this hawkish Fed environment will be determined by how fast China's economy recovers. And more importantly, how much inflows occur into bond and equity markets," he said.

For the week just ended, the ringgit was mostly lower as the US dollar strengthened after US Treasury yield edged higher, coupled with higher inflation data, amid volatility in the oil prices.

On a weekly basis, the ringgit was weaker against the greenback at 4.3870/3910 on Friday compared to 4.3775/3800 a week earlier.

The local note was traded mixed against a basket of major currencies on a Friday-to-Friday basis.

The ringgit was marginally higher against the Singapore dollar to 3.1947/1981 from 3.1962/1982 a week earlier and improved vis-a-vis the Japanese yen to 3.3728/3759 from 3.4450/4472 previously.

It depreciated against the euro to 4.7143/7186 from 4.6905/6932 and slightly weakened versus the British pound to 5.5171/5221 from 5.5170/5201 last week.

The market will be closed on Monday in conjunction with the Yang di-Pertuan Agong's official birthday.
— Bernama

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