

Ringgit expected to trade with upward bias next week

KUALA LUMPUR (Oct 30): The ringgit is expected to trade in a range with appreciation bias against the US dollar next week, given that the tabling of Budget 2022 will continue to spur positive sentiment towards the Malaysian economy, an analyst said.

On Friday (Oct 29), Finance Minister Tengku Datuk Seri Zafrul Tengku Abdul Aziz announced the RM332.1 billion Budget 2022 in the Dewan Rakyat, the largest-ever budget for the country, surpassing Budget 2021's allocation of RM322.54 billion.

Bank Islam Malaysia Bhd chief economist Mohd Afzanizam Abdul Rashid said that overall in Budget 2022, the government continues to play an important role to ensure that the economic recovery process will be established in a more sustainable manner.

He said that for next week, investors will focus on Bank Negara Malaysia's (BNM) Monetary Policy Committee meeting on Wednesday.

"Generally speaking, BNM will keep the overnight policy rate (OPR) steady at 1.75%. The BNM is expected to be upbeat in its economic assessment, implying that the OPR could be higher next year.

"This will help steer the ringgit into a much higher level. We foresee the USD/MYR (the US dollar-to-ringgit exchange rate) will be testing the support level of 4.1203 next week," he told Bernama.

Meanwhile, the Department of Statistics Malaysia on Thursday announced that Malaysia's total trade expanded by 25.5% year-on-year (y-o-y) to RM195.5 billion in September 2021 as the country's exports and imports recorded strong double-digit growth.

Total exports reached a new high of RM110.8 billion, up 24.7% as compared to the previous year, while imports also registered an increase of 26.5% to RM84.7 billion y-o-y, said the DOSM.

For the week just ended, the ringgit was higher versus the US dollar, supported by continuous positive sentiment towards the tabling of Budget 2022 and encouraging trade data for September.

On a weekly basis, the ringgit rose 100 basis points to 4.1390/1415 versus the greenback on Friday from 4.1490/1520 a week earlier.

The local unit was also traded higher against other major currencies compared to the previous Friday.

The ringgit gained against the Singapore dollar to 3.0762/0783 from 3.0825/0849 a week earlier, and improved against the euro to 4.8232/8261 from 4.8307/8342 previously.

It also inched up against the Japanese yen to 3.6403/6425 compared to 3.6436/6466 a week before, and appreciated vis-a-vis the British pound to 5.7089/7124 from 5.7269/7310 previously.

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