

# Ringgit Weekly Outlook

Persistent safe-haven USD demand to keep USDMYR above 4.50

## Fundamental Overview

- The USD index (DXY) had an impressive week, bolstered by a hawkish shift in the Fed messaging, the Bank of Japan's cautious stance (JPY: 13.6% of DXY), a deteriorating euro zone growth outlook (EUR: 57.6%), and political instability in Canada (CAD: 9.1%). The DXY surged past 108.0, marking its highest level since November 2022, and driving the ringgit above 4.50/USD, precisely as projected in last week's [FX report](#). While the Fed delivered a 25 bps rate cut as anticipated, the ringgit weakened due to a more pronounced shift in Fed policy signals, with the updated dot plot suggesting only 50 bps of additional easing in 2025.
- The Fed's less dovish stance is likely to support continued USD strength into the new year, keeping the ringgit above 4.50/USD next week and potentially well into 2025. Few major catalysts are expected next week, but robust US domestic demand indicators could signal persistent inflationary pressures. This, coupled with uncertainties surrounding Trump's policies, may strengthen the case for the Fed to delay rate cuts early in the year, reinforcing USD strength. While markets currently anticipate just one rate cut in 2025, we hold to our projection of two to three cuts. If realised, this could offer some relief for the ringgit in the latter half of 2025.

## Technical Analysis

- The USDMYR outlook is bearish, with the pair likely hovering near its 5-day EMA of 4.486 as RSI signalled overbought conditions.
- To range-bound between (S1) 4.472 and (R1) 4.529, with persistent safe-haven demand adds downside pressure to the MYR.

Table 1: Currency Outlook

Long Term*							
	Q3-24	Q4-24F	Q1-25F	Q2-25F	Q3-25F	Q4-25F	Trend
USDMYR	4.124	4.567	4.571	4.530	4.490	4.449	▲
Short Term (Technical)							
	RSI (7)	EMA (5)	R1	R2	S1	S2	Trend
USDMYR	84.214	4.486	4.529	4.548	4.472	4.433	▼

Signal for USD Trend = ▲ Bullish — Neutral ▼ Bearish

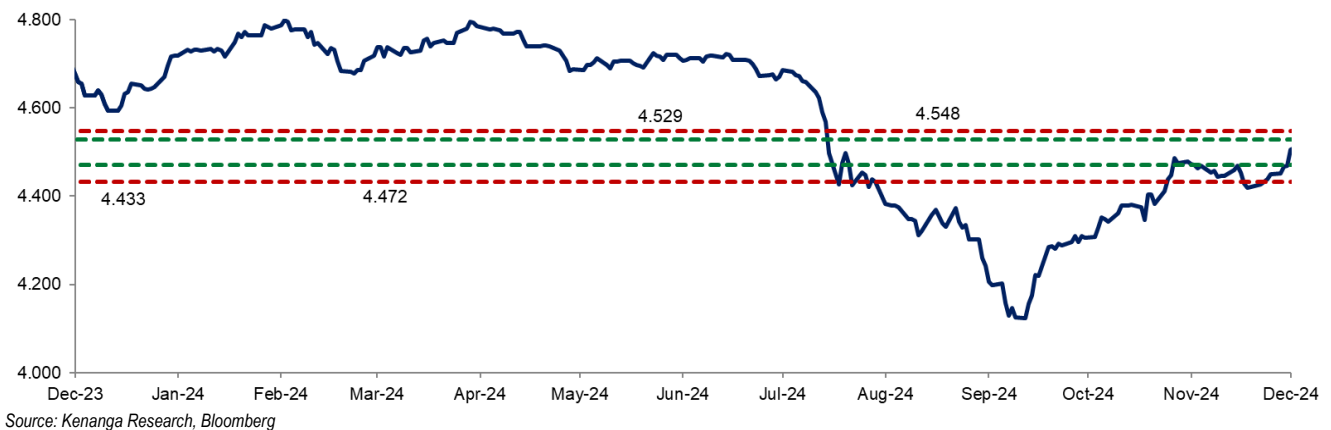
\*F=Forecasts for end of period  
Source: Kenanga Research, Bloomberg

RSI (7): 7-day Relative Strength Index  
Measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

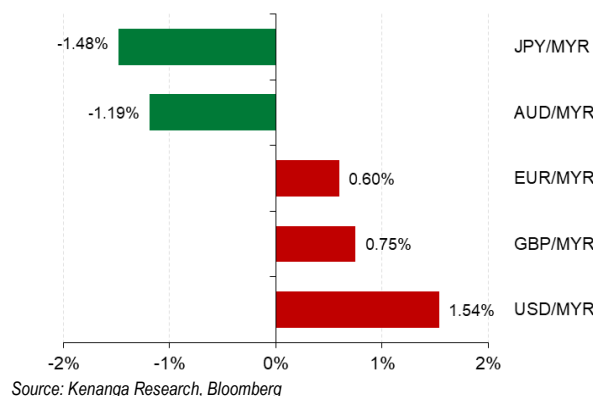
EMA (5): 5-day Exponential Moving Average  
EMA gives more weight to the most recent periods, places more emphasis on what has been happening lately. Old data points retain a multiplier even if they are outside of the selected data series length.

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

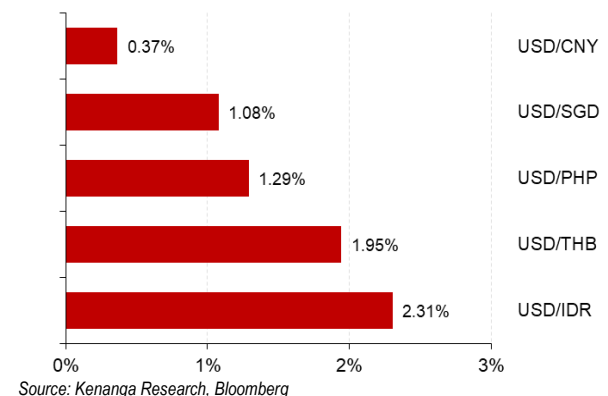
Graph 1: USDMYR Trend



Graph 2: Weekly Core Pairs' Performance



Graph 3: Weekly Regional Peers' Performance



20 December 2024

Table 2: Performance of Core Pairs

Currencies	02/01/24 YTD	19/12/23 Last Year	19/11/24 Last Month	12/12/24 Last Week	19/12/24 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
<b>MYR</b>									
USDMYR	4.606	4.678	4.473	4.437	4.506	-2.18%	-3.69%	0.73%	1.54%
AUDMYR	3.142	3.149	2.903	2.847	2.813	-10.46%	-10.67%	-3.08%	-1.19%
GBPMYR	5.857	5.941	5.648	5.663	5.705	-2.60%	-3.97%	1.01%	0.75%
EURMYR	5.073	5.119	4.719	4.664	4.691	-7.53%	-8.35%	-0.58%	0.60%
JPYMYR	3.251	3.229	2.908	2.914	2.871	-11.69%	-11.10%	-1.29%	-1.48%
SGDMYR	3.482	3.511	3.337	3.303	3.315	-4.78%	-5.58%	-0.64%	0.36%
<b>ASEAN 5 + CNY + JPY</b>									
USDIDR	15470	15506	15845	15945	16313	5.45%	5.20%	2.95%	2.31%
USDTHB	34.151	34.983	34.554	33.823	34.481	0.97%	-1.43%	-0.21%	1.95%
USDSGD	1.323	1.332	1.340	1.344	1.359	2.70%	1.99%	1.43%	1.08%
USDPHP	55.665	55.958	58.808	58.246	58.999	5.99%	5.43%	0.32%	1.29%
USDCNY	7.143	7.119	7.239	7.269	7.296	2.14%	2.49%	0.78%	0.37%
USDJPY	141.650	144.860	153.780	152.320	156.950	10.80%	8.35%	2.06%	3.04%
<b>USD</b>									
EURUSD	1.101	1.094	1.056	1.050	1.041	-5.48%	-4.87%	-1.48%	-0.88%
GBPUSD	1.270	1.270	1.264	1.274	1.264	-0.45%	-0.50%	0.02%	-0.83%
AUDUSD	0.682	0.673	0.650	0.641	0.625	-8.38%	-7.21%	-3.86%	-2.48%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
23/12/2024	US	CB Consumer Confidence (DEC)	111.7	113.0
24/12/2024	JP	BoJ Monetary Policy Meeting Minutes	N/A	N/A
24/12/2024	MY	PPI (NOV)	-2.4% YoY	N/A
24/12/2024	US	Durable Goods Orders (NOV)	0.2% MoM	-0.4% MoM
24/12/2024	US	New Home Sales (NOV)	0.61m	0.65m
26/12/2024	US	Initial Jobless Claims (DEC/21)	220.0k	N/A
27/12/2024	US	Goods Trade Balance Advance (NOV)	-USD99.08b	N/A
27/12/2024	US	S&P/Case-Shiller Home Price (OCT)	-0.3% MoM	N/A

Source: Kenanga Research, Trading Economics, Bloomberg

## For further information, please contact:

**Wan Suhaimie Wan Mohd Saidie**  
Head of Economic Research  
[wansuhaimi@kenanga.com.my](mailto:wansuhaimi@kenanga.com.my)

**Muhammad Saifuddin Sapuan**  
Economist  
[saifuddin.sapuan@kenanga.com.my](mailto:saifuddin.sapuan@kenanga.com.my)

**Afiq Asyraf Syazwan Abd. Rahim**  
Economist  
[afiqasyraf@kenanga.com.my](mailto:afiqasyraf@kenanga.com.my)

**Nurul Hanees Hairulkama**  
Economist  
[nurulhanees@kenanga.com.my](mailto:nurulhanees@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](http://www.kenanga.com.my) E-mail: [research@kenanga.com.my](mailto:research@kenanga.com.my)