

Ringgit Weekly Outlook

Faces pressure as USD strengthens amid US optimism and Trump's resurgence

Overview

- Performance:** As anticipated, the ringgit closed 2024 slightly stronger than expected at 4.472, reflecting a 2.7% appreciation from the end-2023 level. On a weekly basis, the ringgit slipped 0.2% against the greenback as the USD index (DXY) surged past 109.0, a more than two-year high. The DXY rally was driven by US economic optimism and investor positioning for a stronger USD ahead of Trump's return to power.
- Market Dynamics:** Weakness in the EUR, caused by expectations of Fed-ECB policy divergence and eurozone economic fragility, further bolstered the DXY, pressuring emerging-market currencies.
- Portfolio Flows:** Portfolio repositioning ahead of Trump's return to the White House led to RMO.8b in foreign outflows from Malaysia's debt market in the first two trading days of 2025, pushing the ringgit closer to the 4.50/USD mark.
- Data Impact:** A drop in US unemployment claims highlighted a resilient labour market ahead of next week's jobs data, reinforcing perceptions of US economic strength. This has led markets to price in just one 25 bps rate cut by the Fed this year.
- Outlook:** While Malaysia's macroeconomic fundamentals remain solid, robust US data and investor caution over Trump's resurgence may sustain demand for safe-haven assets, pressuring the ringgit to trade above 4.50/USD.
- Technical:** The USDMYR remains neutral and may hover near its 5-day EMA at 4.479, as the RSI is holding in mid-range territory. A sustained break above (R1) 4.495 appears likely, driven by emerging MYR sellers as risk-off mood dominates the FX market.

Table 1: Currency Outlook

Long Term*							
	Q4-24	Q1-25F	Q2-25F	Q3-25F	Q4-25F	Q1-26F	Trend
USDMYR	4.472	4.571	4.530	4.490	4.449	4.383	▲

Short Term (Technical)							
	RSI (7)	EMA (5)	R1	R2	S1	S2	Trend
USDMYR	65.390	4.479	4.495	4.502	4.474	4.460	—

Signal for USD Trend = ▲ Bullish — Neutral ▼ Bearish

*F=Forecasts for end of period

Source: Kenanga Research, Bloomberg

RSI (7): 7-day Relative Strength Index

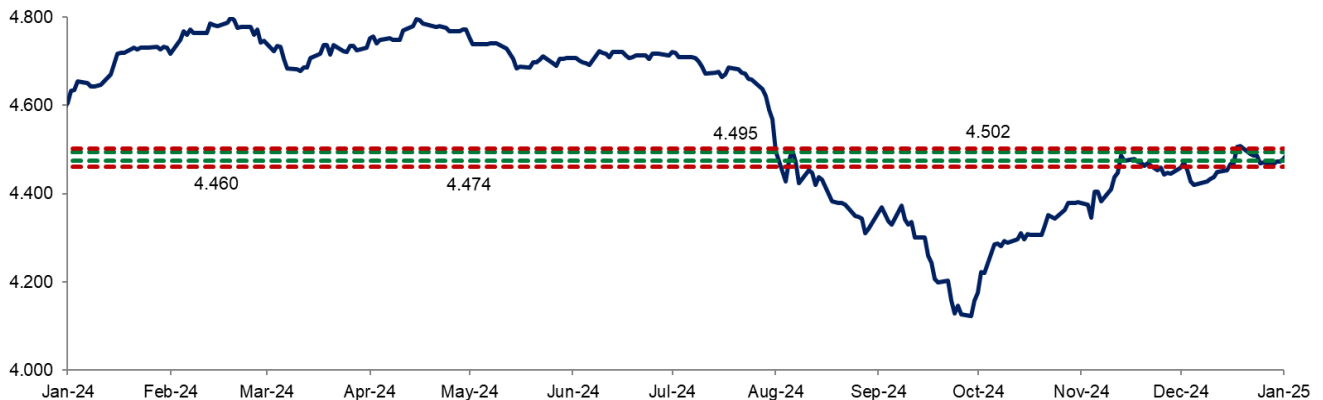
Measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

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.

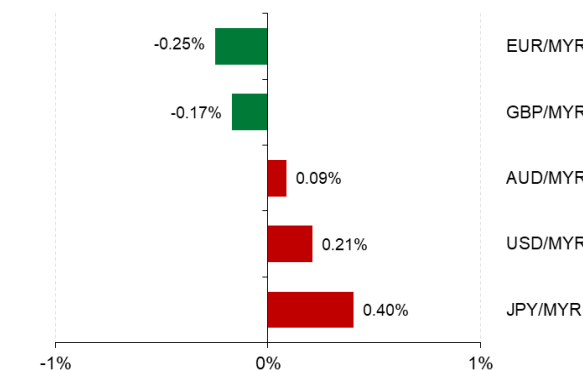
$$EMA = (P \times \alpha) + [Previous EMA \times (1 - \alpha)]$$

Graph 1: USDMYR Trend



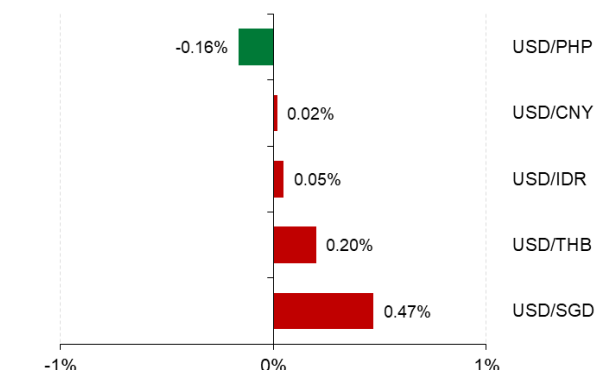
Source: Kenanga Research, Bloomberg

Graph 2: Weekly Core Pairs' Performance



Source: Kenanga Research, Bloomberg

Graph 3: Weekly Regional Peers' Performance



Source: Kenanga Research, Bloomberg

03 January 2025

Table 2: Performance of Core Pairs

Currencies	02/01/25 YTD	02/01/24 Last Year	02/12/24 Last Month	26/12/24 Last Week	02/01/25 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
MYR									
USDMYR	4.479	4.606	4.460	4.469	4.479	0.00%	-2.76%	0.42%	0.21%
AUDMYR	2.785	3.142	2.896	2.782	2.785	0.00%	-11.37%	-3.85%	0.09%
GBPMYR	5.590	5.857	5.665	5.600	5.590	0.00%	-4.57%	-1.33%	-0.17%
EURMYR	4.636	5.073	4.689	4.648	4.636	0.00%	-8.61%	-1.12%	-0.25%
JPYMYR	2.850	3.251	2.970	2.839	2.850	0.00%	-12.33%	-4.02%	0.40%
SGDMYR	3.288	3.482	3.313	3.289	3.288	0.00%	-5.57%	-0.77%	-0.04%
ASEAN 5 + CNY + JPY									
USDIDR	16198	15470	15906	16190	16198	0.00%	4.71%	1.84%	0.05%
USDTHB	34.276	34.151	34.475	34.207	34.276	0.00%	0.37%	-0.58%	0.20%
USDSGD	1.365	1.323	1.346	1.358	1.365	0.00%	3.14%	1.43%	0.47%
USDPHP	57.884	55.665	58.688	57.978	57.884	0.00%	3.99%	-1.37%	-0.16%
USDCNY	7.299	7.143	7.273	7.298	7.299	0.00%	2.19%	0.36%	0.02%
USDJPY	157.140	141.650	150.170	157.440	157.140	0.00%	10.94%	4.64%	-0.19%
USD									
EURUSD	1.032	1.101	1.052	1.040	1.032	0.00%	-6.28%	-1.95%	-0.82%
GBPUSD	1.245	1.270	1.271	1.253	1.245	0.00%	-1.95%	-2.03%	-0.69%
AUDUSD	0.621	0.682	0.649	0.623	0.621	0.00%	-8.92%	-4.37%	-0.37%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
7/1/2025	US	ISM Services PMI (DEC)	52.1	53.5
7/1/2025	US	JOLTs Job Openings (NOV)	7.744m	7.650m
8/1/2025	US	ADP Employment Change (DEC)	146.0k	143.0k
9/1/2025	US	FOMC Minutes	N/A	N/A
10/1/2025	MY	Unemployment Rate (NOV)	3.2%	N/A
10/1/2025	MY	Industrial Production (NOV)	2.1%	N/A
10/1/2025	US	Non Farm Payrolls (DEC)	227.0k	150.0k
10/1/2025	US	Unemployment Rate (DEC)	4.2%	4.2%

Source: Kenanga Research, Trading Economics, Bloomberg

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