

Ringgit Weekly Outlook

Under strain as robust US macro fuels USD strength and market caution

Overview

- Performance:** As expected, the ringgit traded within the 4.49–4.51 range against the USD this week, reflecting a weaker stance amid broader USD strength. The USD index remained elevated above the 109.0 level, supported by stronger US economic data and investor positioning ahead of Trump’s return to power.
- Market Dynamics:** Hawkish US data, including stronger-than-expected JOLTs figures and accelerating services sector activity, bolstered the long-USD narrative. Additionally, December FOMC minutes reaffirmed the Fed’s readiness to slow its pace of easing, further anchoring USD demand. A brief spike in FX volatility on Monday, triggered by speculation over selective US tariff policies, was swiftly countered by Trump, reinforcing USD bullish outlook.
- Data Impact:** Resilient US data shifted market expectations for the first Fed rate cut in 2025 from March to June, reflecting confidence in US economic strength.
- Outlook:** With the ringgit lingering around 4.50/USD, tonight’s NFP report poses a key risk. Any upside surprise could drive further ringgit weakness, while next week’s US CPI, PPI, and retail sales data may heighten inflation concerns and solidify the Fed’s less dovish narrative. Investors remain cautious ahead of Trump’s January 20 inauguration, which could sustain USD strength. External factors, like potential BoJ potential FX interventions and China’s growth trajectory, also warrant close monitoring.
- Technical:** The USDMYR remains neutral, trading near its 5-day EMA at 4.496, with the RSI holding in mid-range territory. A sustained break above resistance (R1) at 4.508 is likely as risk-off sentiment and Trump’s resurgence dominate market sentiment.

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	54.661	4.496	4.508	4.522	4.484	4.474	—

Signal for USD Trend = ▲ Bullish — Neutral ▼ Bearish

*F=Forecasts for end of period

Source: Kenanga Research, Bloomberg

RSI (7): 7-day Relative Strength Index

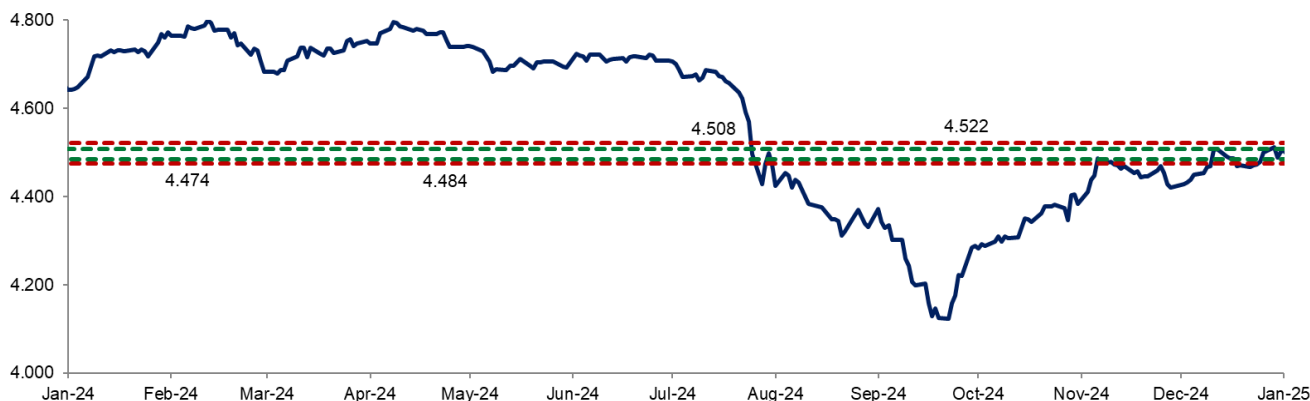
Measures the speed and magnitude of a security’s recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

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.

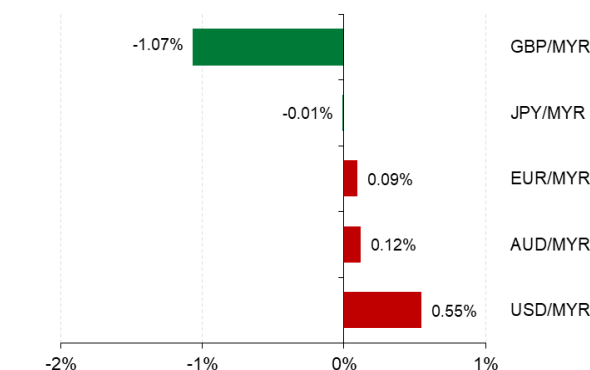
$$EMA = (P \times \alpha) + [Previous\ EMA \times (1 - \alpha)]$$

Graph 1: USDMYR Trend



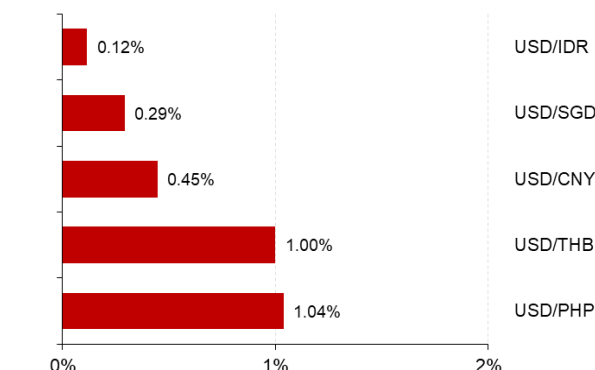
Source: Kenanga Research, Bloomberg

Graph 2: Weekly Core Pairs’ Performance



Source: Kenanga Research, Bloomberg

Graph 3: Weekly Regional Peers’ Performance



Source: Kenanga Research, Bloomberg

10 January 2025

Table 2: Performance of Core Pairs

Currencies	02/01/25 YTD	09/01/24 Last Year	09/12/24 Last Month	02/01/25 Last Week	09/01/25 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
MYR									
USDMYR	4.479	4.643	4.425	4.479	4.503	0.55%	-3.00%	1.76%	0.55%
AUDMYR	2.785	3.113	2.851	2.785	2.788	0.12%	-10.43%	-2.20%	0.12%
GBPMYR	5.590	5.912	5.652	5.590	5.530	-1.07%	-6.46%	-2.15%	-1.07%
EURMYR	4.636	5.081	4.676	4.636	4.641	0.09%	-8.66%	-0.76%	0.09%
JPYMYR	2.850	3.222	2.941	2.850	2.850	-0.01%	-11.56%	-3.11%	-0.01%
SGDMYR	3.288	3.493	3.305	3.288	3.289	0.02%	-5.85%	-0.50%	0.02%
ASEAN 5 + CNY + JPY									
USDIDR	16198	15520	15867	16198	16217	0.12%	4.49%	2.21%	0.12%
USDTHB	34.276	34.981	33.764	34.276	34.619	1.00%	-1.03%	2.53%	1.00%
USDSGD	1.365	1.330	1.339	1.365	1.369	0.29%	2.89%	2.22%	0.29%
USDPHP	57.884	56.025	58.019	57.884	58.485	1.04%	4.39%	0.80%	1.04%
USDCNY	7.299	7.169	7.259	7.299	7.332	0.45%	2.28%	1.01%	0.45%
USDJPY	157.140	144.060	150.460	157.140	158.000	0.55%	9.68%	5.01%	0.55%
USD									
EURUSD	1.032	1.094	1.058	1.032	1.030	-0.14%	-5.79%	-2.62%	-0.14%
GBPUSD	1.245	1.273	1.277	1.245	1.229	-1.30%	-3.46%	-3.83%	-1.30%
AUDUSD	0.621	0.670	0.645	0.621	0.620	-0.19%	-7.45%	-3.86%	-0.19%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
14/1/2025	US	PPI (DEC)	0.4% MoM	0.3% MoM
15/1/2025	US	Core Inflation Rate (DEC)	0.3% MoM	0.2% MoM
16/1/2025	US	Retail Sales (DEC)	0.7% MoM	0.5% MoM
16/1/2025	US	Initial Jobless Claims (JAN/11)	201.0k	N/A
17/1/2025	CN	GDP Growth Rate (Q4)	4.6% YoY	5.0% YoY
17/1/2025	MY	GDP Growth Rate Preliminary (Q4)	5.3% YoY	4.6% YoY*
17/1/2025	US	Building Permits Preliminary (DEC)	1.493m	1.458
17/1/2025	US	Housing Starts (DEC)	1.289m	1.315m

Source: Kenanga Research, Trading Economics, Bloomberg

*KIBB

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