

Ringgit Weekly Outlook

To move sideways with a downside bias as markets brace for Trump’s policy moves

Overview

- Performance:** The USD held firm as expected, keeping the ringgit within a narrow 4.50–4.51 range this week. The USD Index briefly surged toward 110.0 on Monday, driven by stronger-than-expected NFP report but eased to 109.0 following a soft US core PPI print.
- Market Dynamics:** Sentiment toward the USD was mixed. Reports of Trump’s team considering gradual tariff hikes to enhance negotiating leverage while limiting inflationary pressures, added to policy uncertainty. Meanwhile, core CPI undershot expectations, but remained above 3.0% YoY, raising doubts over the Fed’s pace of rate cuts.
- Domestic Macro:** Malaysia’s advanced 4Q24 GDP, due today, is expected to moderate to 4.6%, bringing full-year growth to a solid 5.0% (Consensus 4Q24: 5.2%; 2024: 5.2%). This, alongside a strong external trade outlook and BNM’s policy status quo, could help shield the ringgit from external pressures next week.
- Outlook:** All in all, the ringgit is expected to trade around the 4.50/USD level as markets brace for Trump’s inauguration on Jan 20th. A wave of executive orders may heighten policy uncertainty, keeping risk-on assets in check. Meanwhile, geopolitical risks, including the Israel-Hamas ceasefire, remain in focus.
- Technical:** The USDMYR remains neutral, trading near its five-day EMA at 4.502, with the RSI in mid-range zone. The pair is likely to fluctuate between (S1) 4.497 and (R1) 4.508 as Trump’s resurgence influences 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	55.236	4.502	4.508	4.514	4.497	4.492	—

Signal for USD Trend = ▲ Bullish — Neutral ▼ Bearish

*F=Forecasts for end of period

Source: Kenanga Research, Bloomberg

RSI (7): 7-day Relative Strength Index

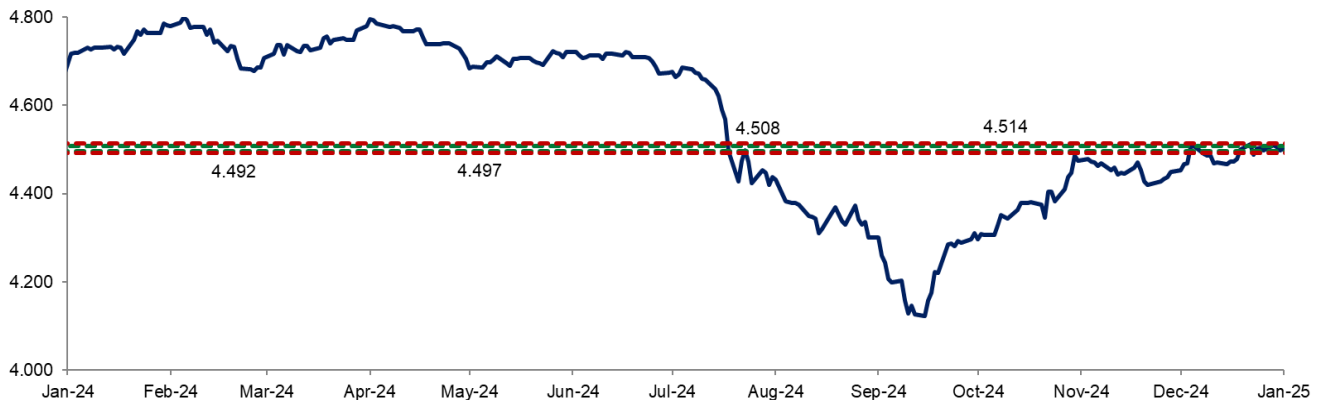
Measures the speed and magnitude of a security’s recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

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.

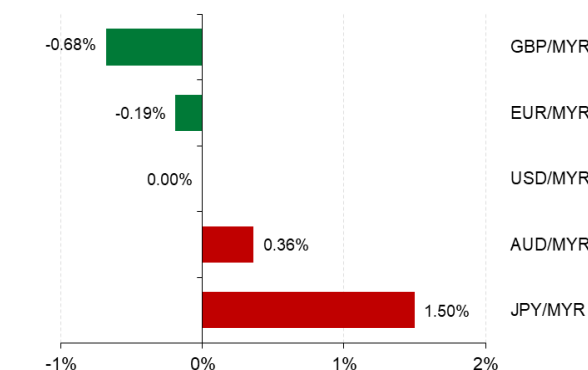
$$EMA = (P \times \alpha) + [Previous\ EMA \times (1 - \alpha)]$$

Graph 1: USDMYR Trend



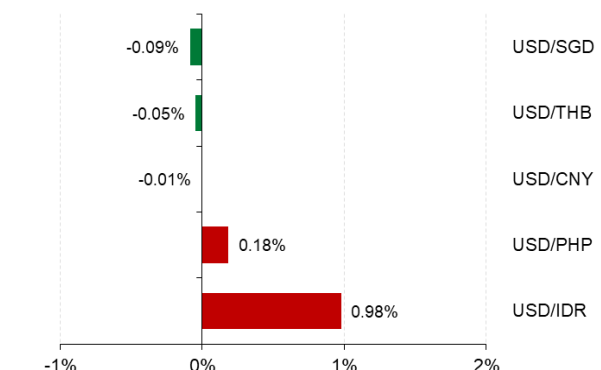
Source: Kenanga Research, Bloomberg

Graph 2: Weekly Core Pairs’ Performance



Source: Kenanga Research, Bloomberg

Graph 3: Weekly Regional Peers’ Performance



Source: Kenanga Research, Bloomberg

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Table 2: Performance of Core Pairs

Currencies	02/01/25 YTD	16/01/24 Last Year	16/12/24 Last Month	09/01/25 Last Week	16/01/25 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
MYR									
USDMYR	4.479	4.695	4.453	4.503	4.503	0.54%	-4.08%	1.13%	0.00%
AUDMYR	2.785	3.101	2.832	2.788	2.798	0.48%	-9.76%	-1.20%	0.36%
GBPMYR	5.590	5.934	5.630	5.530	5.493	-1.74%	-7.44%	-2.44%	-0.68%
EURMYR	4.636	5.111	4.677	4.641	4.632	-0.09%	-9.37%	-0.97%	-0.19%
JPYMYR	2.850	3.201	2.895	2.850	2.892	1.49%	-9.64%	-0.07%	1.50%
SGDMYR	3.288	3.503	3.299	3.289	3.293	0.17%	-6.00%	-0.17%	0.14%
ASEAN 5 + CNY + JPY									
USDIDR	16198	15593	16002	16217	16376	1.10%	5.02%	2.34%	0.98%
USDTHB	34.276	35.397	34.082	34.619	34.603	0.95%	-2.24%	1.53%	-0.05%
USDSGD	1.365	1.341	1.350	1.369	1.368	0.21%	1.98%	1.31%	-0.09%
USDPHP	57.884	55.827	58.67	58.485	58.593	1.22%	4.95%	-0.13%	0.18%
USDCNY	7.299	7.188	7.284	7.332	7.332	0.44%	2.00%	0.65%	-0.01%
USDJPY	157.140	146.660	153.830	158.000	155.670	-0.94%	6.14%	1.20%	-1.47%
USD									
EURUSD	1.032	1.088	1.049	1.030	1.029	-0.31%	-5.48%	-1.94%	-0.17%
GBPUSD	1.245	1.263	1.265	1.229	1.220	-1.97%	-3.38%	-3.50%	-0.68%
AUDUSD	0.621	0.660	0.635	0.620	0.621	0.05%	-5.88%	-2.22%	0.24%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
20/1/2025	CN	Loan Prime Rate 1Y	3.1%	N/A
20/1/2025	MY	Exports (DEC)	4.1% YoY	9.0% YoY*
22/1/2025	MY	Inflation Rate (DEC)	1.8% YoY	1.7% YoY*
22/1/2025	MY	BNM Interest Rate Decision	3.00%	3.00%* (Status quo)
23/1/2025	US	Initial Jobless Claims (JAN/18)	217.0k	N/A
24/1/2025	US	S&P Global Manufacturing PMI Flash (JAN)	49.4	N/A
24/1/2025	US	Existing Home Sales (DEC)	4.15m	4.20m
24/1/2025	US	Michigan Consumer Sentiment Final (JAN)	74.0	73.2

Source: Kenanga Research, Trading Economics, Bloomberg

*KIBB

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