

Ringgit Weekly Outlook

Holds firm amid USD volatility: Tariff risks, jobs and inflation data in focus

Overview

- Performance:** The ringgit strengthened below the 4.40/USD threshold last Friday and held its gains this week, trading in a narrow range of 4.38-4.39. The local note benefited from a weaker USD as the USD index (DXY) fell toward 107.0, initially pressured by Trump's remarks downplaying the likelihood of tariffs on China.
- Market Dynamics:** The DXY faced further downside on Monday following an AI-driven US equity sell-off triggered by DeepSeek, sparking consumer wealth concerns and dovish Fed bets. However, the Fed's hawkish tone tempered expectations of imminent easing. The DXY regained ground on Tuesday as Trump revived his universal tariff threat, while resilient US growth and rate cuts by the ECB and Bank of Canada provided additional support.
- Data Impact:** Markets are closely watching tonight's core PCE inflation reading, which could influence Fed expectations. The upcoming February 1 tariff deadline on Canada, Mexico, and China adds another layer of uncertainty, keeping the DXY supported.
- Outlook:** Investors may maintain long USD positions ahead of key US labour market data and upcoming tariff developments. The ringgit's outlook hinges on actual tariff implementation and potential payroll revisions. If tariff risks pressure emerging-market currencies and USD strength persists, the ringgit is likely to retreat to the 4.40-4.45/USD range.
- Technical:** USDMYR has turned neutral, likely testing its five-day EMA at 4.403 as RSI hovers mid-range. Immediate resistance stands at (R1) 4.416, with a potential move toward (R2) 4.425 if Trump proceeds with tariff plans.

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	36.708	4.403	4.416	4.425	4.389	4.370	—

Signal for USD Trend = ▲ Bullish — Neutral ▼ Bearish

*F=Forecasts for end of period

Source: Kenanga Research, Bloomberg

RSI (7): 7-day Relative Strength Index

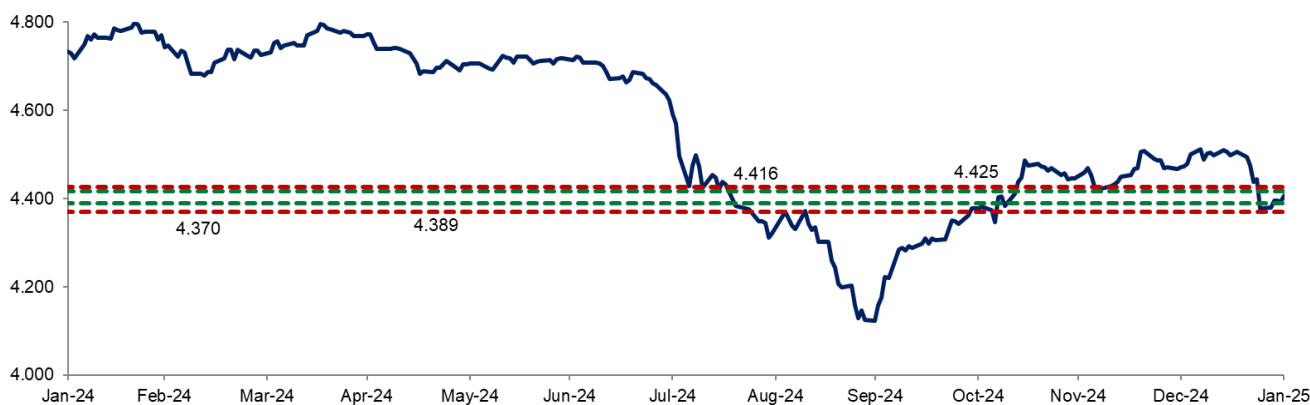
Measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

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.

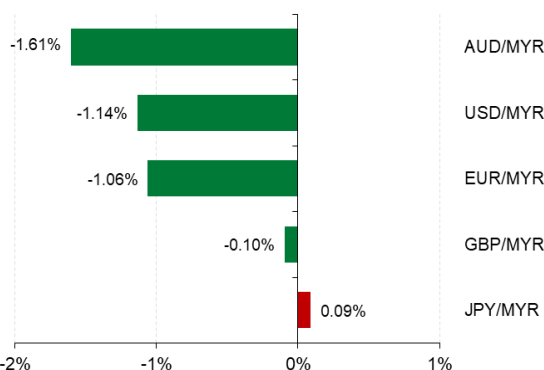
$$EMA = (P \times \alpha) + [Previous\ EMA \times (1 - \alpha)]$$

Graph 1: USDMYR Trend



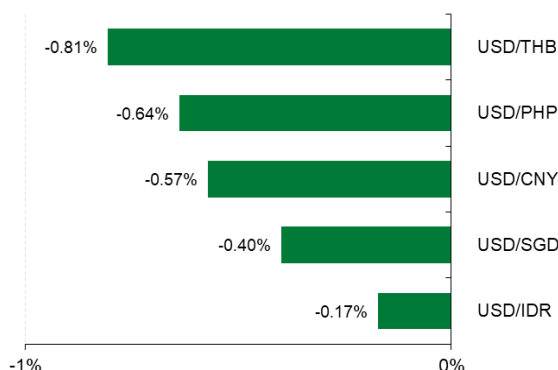
Source: Kenanga Research, Bloomberg

Graph 2: Weekly Core Pairs' Performance



Source: Kenanga Research, Bloomberg

Graph 3: Weekly Regional Peers' Performance



Source: Kenanga Research, Bloomberg

31 January 2025

Table 2: Performance of Core Pairs

Currencies	02/01/25 YTD	30/01/24 Last Year	30/12/24 Last Month	23/01/25 Last Week	30/01/25 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
MYR									
USDMYR	4.479	4.727	4.467	4.444	4.394	-1.89%	-7.05%	-1.64%	-1.14%
AUDMYR	2.785	3.123	2.780	2.784	2.739	-1.64%	-12.29%	-1.49%	-1.61%
GBPMYR	5.590	5.995	5.618	5.474	5.468	-2.18%	-8.78%	-2.66%	-0.10%
EURMYR	4.636	5.118	4.661	4.627	4.578	-1.25%	-10.56%	-1.78%	-1.06%
JPYMYR	2.850	3.210	2.832	2.842	2.845	-0.19%	-11.39%	0.44%	0.09%
SGDMYR	3.288	3.529	3.291	3.276	3.255	-1.00%	-7.77%	-1.08%	-0.63%
ASEAN 5 + CNY + JPY									
USDIDR	16198	15780	16143	16284	16256	0.36%	3.02%	0.70%	-0.17%
USDTHB	34.276	35.38	34.132	34	33.726	-1.60%	-4.67%	-1.19%	-0.81%
USDSGD	1.365	1.339	1.357	1.357	1.351	-0.99%	0.90%	-0.41%	-0.40%
USDPHP	57.884	56.415	57.961	58.697	58.322	0.76%	3.38%	0.62%	-0.64%
USDCNY	7.299	7.178	7.299	7.286	7.245	-0.75%	0.93%	-0.75%	-0.57%
USDJPY	157.140	147.260	157.780	156.400	154.500	-1.68%	4.92%	-2.08%	-1.21%
USD									
EURUSD	1.032	1.084	1.044	1.041	1.040	0.81%	-4.03%	-0.35%	-0.10%
GBPUSD	1.245	1.268	1.259	1.232	1.243	-0.13%	-1.96%	-1.27%	0.89%
AUDUSD	0.621	0.660	0.623	0.627	0.623	0.27%	-5.67%	-0.13%	-0.64%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
3/2/2025	MY	S&P Global Manufacturing PMI (JAN)	48.6	N/A
3/2/2025	CN	Caixin Manufacturing PMI (JAN)	50.5	50.6
4/2/2025	US	JOLTs Job Openings (DEC)	8.098m	N/A
5/2/2025	US	ADP Employment Change (JAN)	122.0k	153.0k
5/2/2025	US	ISM Services PMI (JAN)	54.1	54.5
6/2/2025	UK	BoE Interest Rate Decision	4.75%	4.50% (25 bps cut)
7/2/2025	US	Non Farm Payrolls (JAN)	256.0k	150.0k
7/2/2025	US	Unemployment Rate (JAN)	4.1%	4.1%

Source: Kenanga Research, Trading Economics, Bloomberg

For further information, please contact:

Wan Suhaimie Wan Mohd Saidie
Head of Economic Research
wansuhaimi@kenanga.com.my

Muhammad Saifuddin Sapuan
Economist
saifuddin.sapuan@kenanga.com.my

Afiq Asyraf Syazwan Abd. Rahim
Economist
afiqasyraf@kenanga.com.my

Nurul Hanees Hairulkama
Economist
nurulhanees@kenanga.com.my

This document has been prepared for general circulation based on information obtained from sources believed to be reliable, but we do not make any representations as to its accuracy or completeness. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may read this document. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees. Kenanga Investment Bank Berhad accepts no liability whatsoever for any direct or consequential loss arising from any use of this document or any solicitations of an offer to buy or sell any securities. Kenanga Investment Bank Berhad and its associates, their directors, and/or employees may have positions in, and may affect transactions in securities mentioned herein from time to time in the open market or otherwise, and may receive brokerage fees or act as principal or agent in dealings with respect to these companies. Kenanga Investment Bank Berhad being a full-service investment bank offers investment banking products and services and acts as issuer and liquidity provider with respect to a security that may also fall under its research coverage.

Published by:

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 E-mail: research@kenanga.com.my