

26 Dec 2025

Ringgit Weekly Outlook

Edging closer to 4.00/USD amid year-end USD selling

Overview

- Performance:** The ringgit surprised to the upside, appreciating to below 4.05/USD for the first time since February 2021.
- Market Dynamics:** Despite stronger US 3Q25 GDP growth and lower weekly jobless claims, the DXY fell below 98.0 for the first time in three months as markets judged the tightening cycle largely complete. Expectations of eventual easing capped USD strength and supported higher-carry EM FX like the ringgit. Foreign holdings of Malaysian bonds rose above RM300.0b last week for only the second time on record, driven by RM3.3b in net foreign inflows. Continued foreign bond buying, alongside export-related repatriation flows, likely provided additional support to the ringgit.
- Data Impact:** Markets continue to price in two Fed rate cuts in 2026. Futures imply the first cut in April, followed by a second in September. Our base case remains for earlier easing in March and June. Any repricing towards earlier cuts would weigh further on the USD over the medium term. With limited data next week, attention turns to the FOMC minutes, where a more hawkish tone could offer temporary support to the USD.
- Outlook:** After breaking above 4.00/USD for the second time since June 2018, the ringgit has struggled to sustain a move below that level for nearly seven years. We have maintained our end-2025 forecast of 4.08/USD since May, but see scope for the ringgit to end the year closer to 4.00/USD. That level is likely to present strong resistance. Seasonal USD strength in 1Q26, combined with a still-resilient US growth narrative, could push the pair back towards 4.05–4.10/USD early in the year. Beyond that, the ringgit should gradually strengthen towards its long-term fair value as structural support for the USD continues to erode. We discuss this in greater detail [here](#).
- Technical:** USDMYR maintains a bullish technical bias, with scope to test the five-day EMA near 4.05 within a 4.03–4.07 range.

Table 1: Currency Outlook

Long Term*							
	Q3-25	Q4-25F	Q1-26F	Q2-26F	Q3-26F	Q4-26F	Trend
USDMYR	4.21	4.08	4.05	4.02	3.99	3.95	▼

Short Term (Technical)							
	RSI (7)	EMA (5)	R1	R2	S1	S2	Trend
USDMYR	8.669	4.054	4.066	4.091	4.027	4.014	▲

Signal for USD Trend = ▲ Bullish — Neutral ▼ Bearish

*F=Forecasts for end of period

Source: Kenanga Research, Bloomberg

RSI (7): 7-day Relative Strength Index

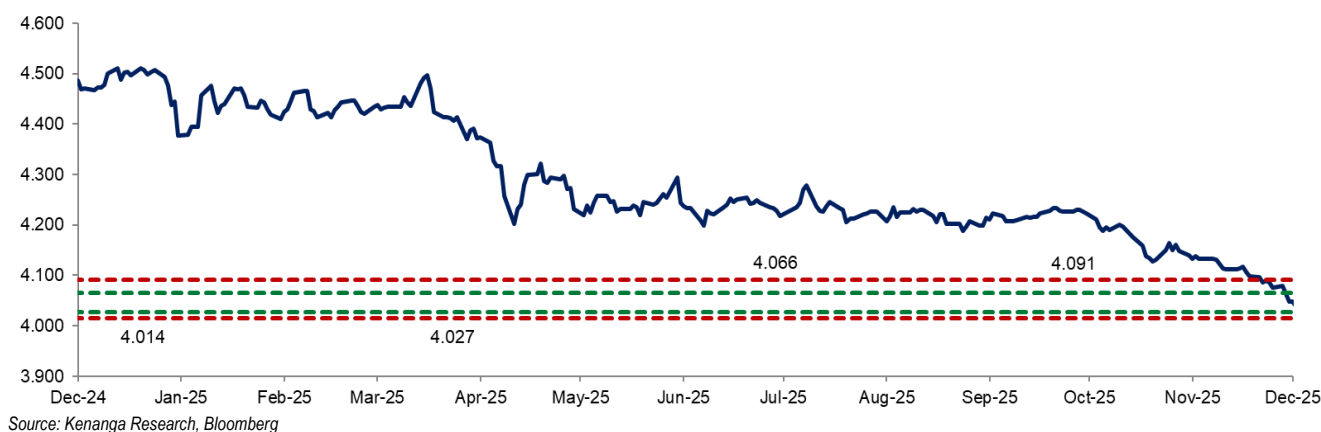
Measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

EMA (5): 5-day Exponential Moving Average

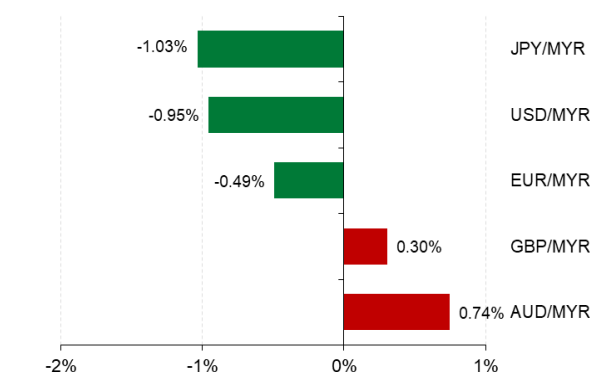
EMA gives more weight to the most recent periods, places more emphasis on what has been happening lately. Old data points retain a multiplier even if they are outside of the selected data series length.

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

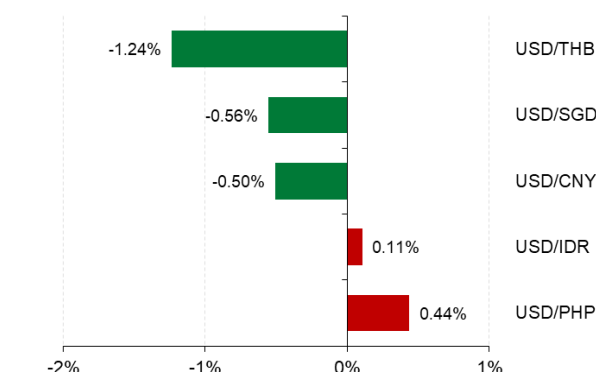
Graph 1: USDMYR Trend



Graph 2: Weekly Core Pairs' Performance



Graph 3: Weekly Regional Peers' Performance



26 Dec 2025

Table 2: Performance of Core Pairs

Currencies	02/01/25 YTD	25/12/24 Last Year	25/11/25 Last Month	18/12/25 Last Week	25/12/25 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
MYR									
USDMYR	4.479	4.487	4.132	4.086	4.047	-9.63%	-9.80%	-2.06%	-0.95%
AUDMYR	2.785	2.806	2.671	2.699	2.719	-2.35%	-3.08%	1.82%	0.74%
GBPMYR	5.590	5.634	5.431	5.455	5.471	-2.13%	-2.89%	0.74%	0.30%
EURMYR	4.636	4.663	4.766	4.790	4.766	2.80%	2.20%	-0.01%	-0.49%
JPYMYR	2.850	2.855	2.643	2.622	2.595	-8.96%	-9.13%	-1.83%	-1.03%
SGDMYR	3.288	3.302	3.173	3.164	3.152	-4.12%	-4.52%	-0.65%	-0.36%
ASEAN 5 + CNY + JPY									
USDIDR	16198	16190	16657	16723	16741	3.35%	3.40%	0.50%	0.11%
USDTHB	34.276	34.161	32.318	31.459	31.070	-9.35%	-9.05%	-3.86%	-1.24%
USDSGD	1.365	1.359	1.302	1.291	1.284	-5.94%	-5.54%	-1.41%	-0.56%
USDPHP	57.884	58.48	58.921	58.57	58.827	1.63%	0.59%	-0.16%	0.44%
USDCNY	7.299	7.295	7.084	7.041	7.006	-4.02%	-3.96%	-1.11%	-0.50%
USDJPY	157.140	157.140	156.350	155.860	155.980	-0.74%	-0.74%	-0.24%	0.08%
USD									
EURUSD	1.032	1.040	1.154	1.173	1.178	14.20%	13.34%	2.11%	0.49%
GBPUSD	1.245	1.256	1.313	1.335	1.353	8.69%	7.73%	3.04%	1.33%
AUDUSD	0.621	0.625	0.646	0.661	0.672	8.21%	7.45%	4.07%	1.70%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
29/12/2025	US	Pending Home Sales (NOV)	1.9% MoM	0.8% MoM
30/12/2025	US	S&P/Case-Shiller Home Price (OCT)	1.4% YoY	1.1% YoY
31/12/2025	US	FOMC Minutes	N/A	N/A
31/12/2025	CN	NBS Manufacturing PMI (DEC)	49.2	49.3
31/12/2025	MY	M3 Money Supply (NOV)	4.5% YoY	N/A
31/12/2025	US	Initial Jobless Claims (DEC/27)	214.0k	N/A
2/1/2026	MY	S&P Global Manufacturing PMI (DEC)	50.1	N/A
2/1/2026	US	S&P Global Manufacturing PMI Final (DEC)	52.2	51.8

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