

# Ringgit Weekly Outlook

Ends 2025 firm and better than expected; stability holds as markets await US signals

## Overview

- Performance:** The ringgit strengthened to around 4.04/USD before easing on technical correction, ending the year at 4.06/USD, slightly outpacing our 4.08/USD year-end target.
- Market Dynamics:** After reaching its strongest level since February 2021 on 24 December, the ringgit softened to around 4.06/USD on Monday as investors took profits. It later rebounded towards 4.04/USD before ending the year at 4.06/USD, following a rebound in DXY. The move reflected hawkish FOMC minutes, which signalled caution over early rate cuts next year.
- Data Impact:** Markets continue to price in two Fed rate cuts this year. However, the prolonged government shutdown has constrained the flow of official data, leaving policymakers with an incomplete picture. As a result, the Fed is likely to remain in wait-and-see mode. Attention now turns to next week's labour market data, which will be pivotal for shaping expectations ahead of the January meeting. Before Friday's non-farm payrolls (NFP) and unemployment rate releases, investors will focus on ADP employment and JOLTS to gauge labour market momentum.
- Outlook:** Despite being Asia's best-performing currency for two consecutive years, we continue to see scope for **further ringgit appreciation in 2026**. That said, seasonal USD strength and a still-resilient US growth narrative could keep the pair within a 4.05–4.10/USD range over the next one to two months. Consensus expects a modest softening in NFP alongside a marginal decline in the unemployment rate. We continue to see signs of a gradual cooling in the US labour market, which should eventually weigh on the USD.
- Technical:** USDMYR has turned neutral, with scope to test the five-day EMA near 4.06 within a 4.04–4.07 range.

Table 1: Currency Outlook

Long Term*							
	Q4-25	Q1-26F	Q2-26F	Q3-26F	Q4-26F	Q1-27F	Trend
USDMYR	4.06	4.05	4.02	3.99	3.95	4.00	▼

Short Term (Technical)							
	RSI (7)	EMA (5)	R1	R2	S1	S2	Trend
USDMYR	40.197	4.058	4.063	4.068	4.051	4.044	—

Signal for USD Trend = ▲ Bullish — Neutral ▼ Bearish

\*F=Forecasts for end of period

Source: Kenanga Research, Bloomberg

RSI (7): 7-day Relative Strength Index

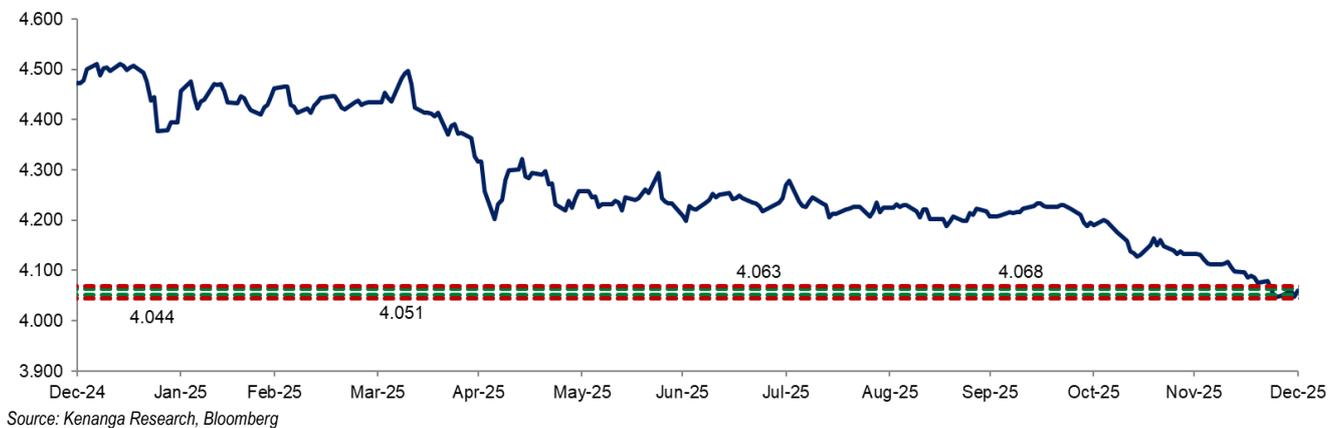
Measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

EMA (5): 5-day Exponential Moving Average

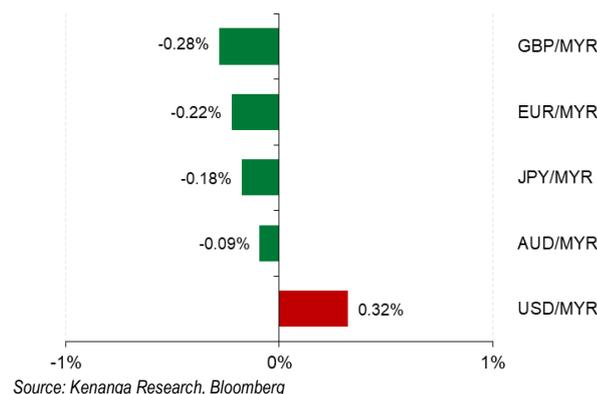
EMA gives more weight to the most recent periods, places more emphasis on what has been happening lately. Old data points retain a multiplier even if they are outside of the selected data series length.

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

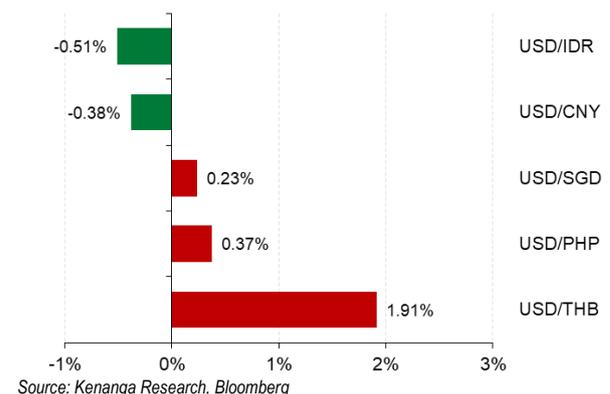
Graph 1: USDMYR Trend



Graph 2: Weekly Core Pairs' Performance



Graph 3: Weekly Regional Peers' Performance



2 Jan 2026

Table 2: Performance of Core Pairs

Currencies	02/01/25 YTD	31/12/24 Last Year	01/12/25 Last Month	24/12/25 Last Week	31/12/25 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
<b>MYR</b>									
USDMYR	4.479	4.472	4.133	4.047	4.060	-9.34%	-9.21%	-1.77%	0.32%
AUDMYR	2.785	2.781	2.706	2.716	2.714	-2.55%	-2.42%	0.28%	-0.09%
GBPMYR	5.590	5.615	5.467	5.471	5.456	-2.40%	-2.83%	-0.21%	-0.28%
EURMYR	4.636	4.659	4.804	4.775	4.765	2.77%	2.27%	-0.82%	-0.22%
JPYMYR	2.850	2.853	2.662	2.596	2.591	-9.07%	-9.16%	-2.65%	-0.18%
SGDMYR	3.288	3.286	3.191	3.154	3.157	-3.98%	-3.92%	-1.06%	0.08%
<b>ASEAN 5 + CNY + JPY</b>									
USDIDR	16198	16132	16663	16765	16680	2.98%	3.40%	0.10%	-0.51%
USDTHB	34.276	34.319	31.976	31.041	31.635	-7.71%	-7.82%	-1.07%	1.91%
USDSGD	1.365	1.362	1.295	1.284	1.287	-5.73%	-5.54%	-0.68%	0.23%
USDPHP	57.884	57.979	58.535	58.732	58.950	1.84%	1.67%	0.71%	0.37%
USDCNY	7.299	7.299	7.072	7.016	6.989	-4.25%	-4.25%	-1.17%	-0.38%
USDJPY	157.140	156.840	155.260	155.940	156.660	-0.31%	-0.11%	0.90%	0.46%
<b>USD</b>									
EURUSD	1.032	1.041	1.163	1.180	1.174	13.78%	12.73%	0.95%	-0.48%
GBPUSD	1.245	1.255	1.323	1.352	1.344	7.96%	7.07%	1.59%	-0.58%
AUDUSD	0.621	0.621	0.655	0.671	0.668	7.57%	7.48%	1.99%	-0.51%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
5/1/2026	CN	RatingDog Services PMI (DEC)	52.1	52.0
5/1/2026	US	ISM Manufacturing PMI (DEC)	48.2	48.4
7/1/2026	US	ADP Employment Change (DEC)	-32.0k	48.0k
7/1/2026	US	JOLTs Job Openings (NOV)	7.670m	7.726m
8/1/2026	US	Initial Jobless Claims (JAN/03)	199.0k	N/A
9/1/2026	MY	Industrial Production (NOV)	6.0% YoY	5.7% YoY
9/1/2026	MY	Retail Sales (NOV)	6.8% YoY	N/A
9/1/2026	US	Non Farm Payrolls (DEC)	64.0k	55.0k

Source: Kenanga Research, Trading Economics, Bloomberg

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