kenanga

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Ringgit Weekly Outlook

USD steadies as Fed cut expectations shifts, MYR holds firm below 4.00

Overview

- **Performance:** As expected, the DXY rebounded, prompting a modest correction in the ringgit toward 3.95/USD. Even so, the ringgit continued to strengthen against other major currencies.
- **Market Dynamics:** The USD regained composure this week as the earlier de-basement narrative unwound. The DXY recovered toward the 98.0 area, supported by firmer US data, easing volatility in metals and a broader stabilisation in global risk appetite. Trump's appointment of Kevin Warsh as the new Fed chair has added further support to the USD. While the firmer USD exerted some pressure on the ringgit, the impact remained marginal, as resilient domestic fundamentals continue to provide an effective counterweight.
- **Data Impact:** Attention next week turns to the delayed US labour data following a run of softer private employment indicators. Even so, we expect official releases to land broadly in line with consensus, delivering no negative surprise for the USD. In Malaysia, IPI and the final 4Q25 GDP release should reinforce the domestic growth narrative, strengthening confidence in activity and lending support to the ringgit despite ongoing external FX headwinds.
- **Outlook:** Early signs of stress are emerging in the US labour market, which we still expect to build gradually. However, resilient growth, record-high equity markets and stable financial conditions have led us to revise our policy view toward a June Fed cut rather than March. The absence of meaningful labour market deterioration leaves little urgency for early easing, suggesting the DXY should remain supported in the near term. Even so, firm domestic data should limit downside pressure on the MYR, keeping it below 4.00/USD.
- **Technical:** USDMYR turns neutral, with scope to settle around the five-day EMA of 3.95, within a broader 3.94 to 3.98 trading 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	48.930	3.951	3.977	3.988	3.944	3.922	—

Signal for USD Trend = ▲ Bullish — Neutral ▼ Bearish

**F=Forecasts for end of period*

Source: Kenanga Research, Bloomberg

RSI (7): 7-day Relative Strength Index

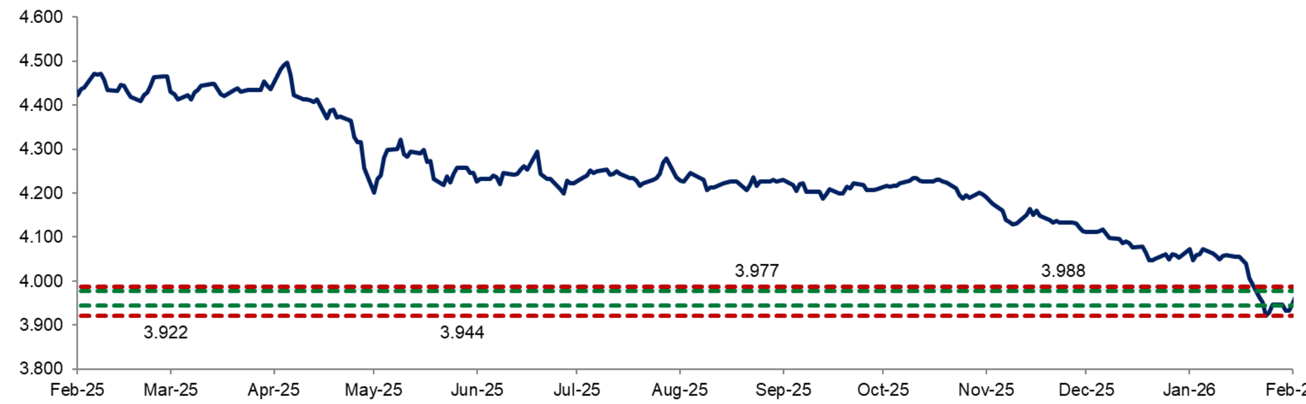
Measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

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.

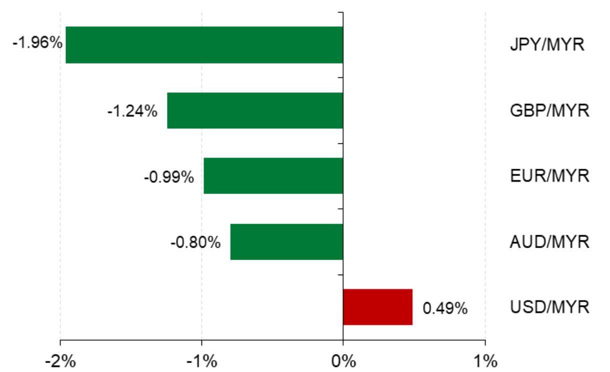
$$EMA = (P \times \alpha) + [Previous\ EMA\ \times (1 - \alpha)]$$

Graph 1: USDMYR Trend



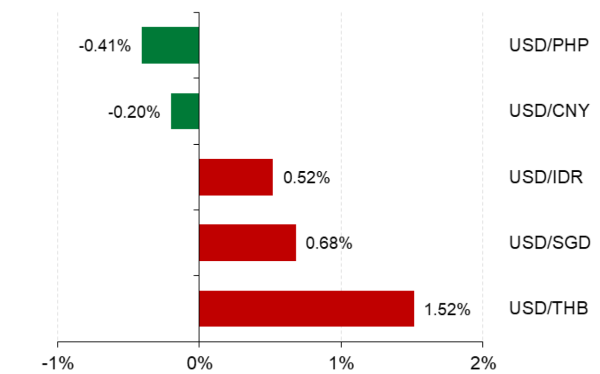
Source: Kenanga Research, Bloomberg

Graph 2: Weekly Core Pairs' Performance



Source: Kenanga Research, Bloomberg

Graph 3: Weekly Regional Peers' Performance



Source: Kenanga Research, Bloomberg

Table 2: Performance of Core Pairs

	02/01/26	05/02/25	05/01/26	29/01/26	05/02/26				
Currencies	YTD	Last Year	Last Month	Last Week	Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
MYR									
USDMYR	4.054	4.423	4.072	3.930	3.949	-2.59%	-10.72%	-3.03%	0.49%
AUDMYR	2.716	2.777	2.719	2.773	2.751	1.29%	-0.95%	1.18%	-0.80%
GBPMYR	5.455	5.537	5.474	5.424	5.356	-1.80%	-3.25%	-2.14%	-1.24%
EURMYR	4.752	4.602	4.757	4.698	4.652	-2.10%	1.09%	-2.21%	-0.99%
JPYMYR	2.585	2.898	2.600	2.561	2.511	-2.85%	-13.34%	-3.42%	-1.96%
SGDMYR	3.152	3.277	3.162	3.109	3.098	-1.74%	-5.46%	-2.05%	-0.36%
ASEAN 5 + CNY + JPY									
USDIDR	16725	16293	16740	16755	16842	0.70%	3.37%	0.61%	0.52%
USDTHB	31.524	33.57	31.301	31.266	31.740	0.69%	-5.45%	1.40%	1.52%
USDSGD	1.286	1.349	1.287	1.265	1.274	-0.93%	-5.54%	-1.01%	0.68%
USDPHP	58.862	58.052	59.107	58.95	58.711	-0.26%	1.14%	-0.67%	-0.41%
USDCNY	6.989	7.272	6.989	6.952	6.938	-0.73%	-4.59%	-0.72%	-0.20%
USDJPY	156.840	152.640	156.600	153.440	157.240	0.26%	3.01%	0.41%	2.48%
USD									
EURUSD	1.172	1.043	1.169	1.194	1.179	0.59%	13.07%	0.84%	-1.29%
GBPUSD	1.346	1.254	1.346	1.378	1.359	0.97%	8.34%	0.92%	-1.42%
AUDUSD	0.669	0.629	0.669	0.703	0.698	4.21%	10.96%	4.34%	-0.82%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
9/2/2026	MY	Industrial Production (DEC)	4.3% YoY	4.7% YoY*
10/2/2026	MY	Retail Sales (DEC)	6.4% YoY	N/A
10/2/2026	US	Retail Sales (DEC)	0.6% MoM	0.5% MoM
11/2/2026	CN	Inflation Rate (JAN)	0.8% YoY	0.3% YoY
11/2/2026	MY	Unemployment Rate (DEC)	2.9%	N/A
11/2/2026	US	Non Farm Payrolls (JAN)	50.0k	71.0k
11/2/2026	US	Unemployment Rate (JAN)	4.4%	4.4%
13/2/2026	MY	GDP Growth Rate (Q4)	5.2% YoY	5.5% YoY*

Source: Kenanga Research, Trading Economics, Bloomberg
**KIBB*

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