

Ringgit Weekly Outlook

To hold firm as US labour data takes centre stage, geopolitical risk fade

Overview

- Performance:** As anticipated, the ringgit traded modestly weaker, hovering around 4.05 to 4.07 against the USD, even after the US attack on Venezuela over the weekend.
- Market Dynamics:** The initial flight to USD safety early on Monday proved brief, as the risk of an imminent US military response eased. Weaker US economic data then encouraged investors to unwind earlier USD-long positions, driving a broad pullback in the greenback. Seasonal inflows and mixed signals from secondary US labour data later helped the DXY to regain some traction, stabilising near the 99.0 level.
- Data Impact:** Markets currently do not price the next 25 bps Fed rate cut until June, followed by another cut by September. Expectations could turn more dovish if tonight's NFP and unemployment figures surprise on the downside. Attention will then shift to US inflation data next week, where consensus expects a 0.3% MoM increase. On the domestic front, focus will shift to Malaysia's advance 4Q25 GDP estimate, due next Friday.
- Outlook:** We retain a modest bias towards USD strength over the coming months and expect the ringgit to trade within a 4.05-4.10 range. While January seasonality is supportive for the USD, markets appear complacent about geopolitical risks, leaving risk assets vulnerable to renewed escalation. Tonight's labour data may offer limited guidance, with attention likely to focus on the unemployment rate. A rise to 4.6% would trigger the *Sahm Rule* and could weigh on the USD. Beyond NFP, softer oil prices and the US Supreme Court's tariff ruling could add to near-term USD volatility
- Technical:** USDMYR remains neutral, with scope to test the five-day EMA near 4.06, within a broader 4.05 to 4.08 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	54.909	4.062	4.079	4.088	4.054	4.038	—

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.

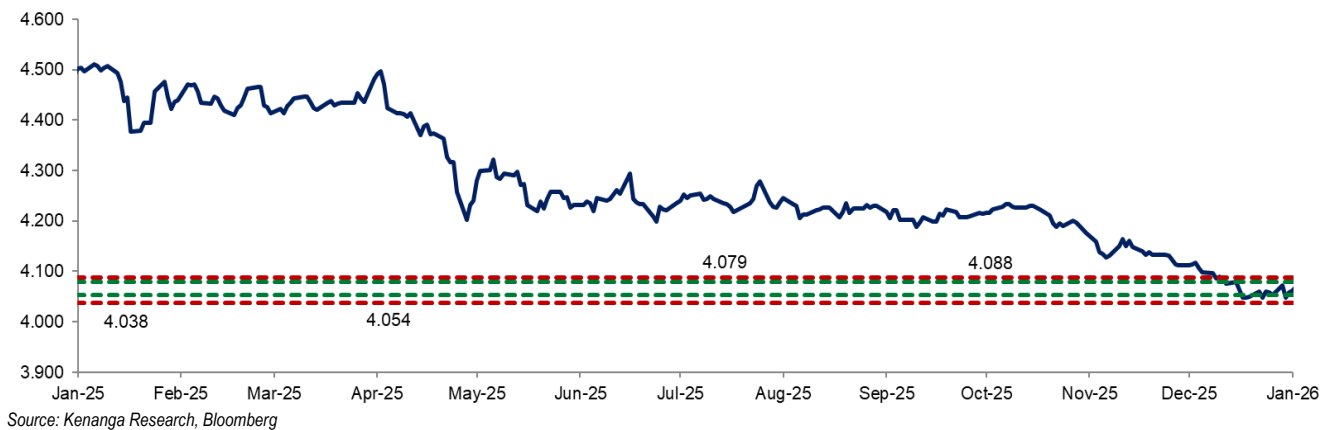
EMA (5): 5-day Exponential Moving Average

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.

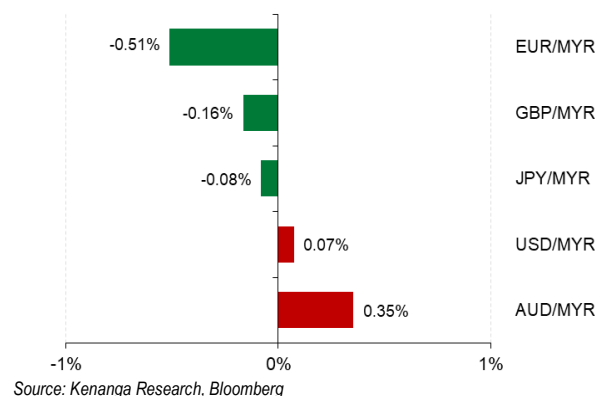
$$EMA = (P \times \alpha) + [Previous EMA \times (1 - \alpha)]$$

Sahm Rule: A recession signal is triggered when the three-month moving average of US unemployment rate rises by at least 0.5 percentage points above its 12-month low.

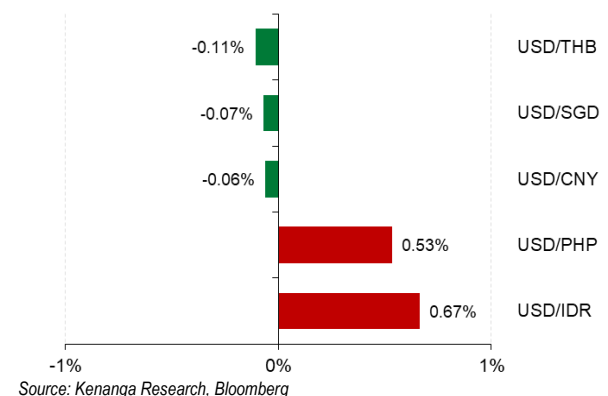
Graph 1: USDMYR Trend



Graph 2: Weekly Core Pairs' Performance



Graph 3: Weekly Regional Peers' Performance



9 Jan 2026

Table 2: Performance of Core Pairs

Currencies	02/01/26 YTD	08/01/25 Last Year	08/12/25 Last Month	01/01/26 Last Week	08/01/26 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
MYR									
USDMYR	4.054	4.503	4.112	4.059	4.062	0.19%	-9.79%	-1.24%	0.07%
AUDMYR	2.716	2.801	2.729	2.709	2.719	0.12%	-2.93%	-0.38%	0.35%
GBPMYR	5.455	5.606	5.478	5.468	5.459	0.08%	-2.62%	-0.34%	-0.16%
EURMYR	4.752	4.646	4.790	4.767	4.742	-0.20%	2.06%	-1.01%	-0.51%
JPYMYR	2.585	2.844	2.644	2.594	2.592	0.27%	-8.87%	-1.99%	-0.08%
SGDMYR	3.152	3.294	3.172	3.158	3.163	0.32%	-4.00%	-0.30%	0.14%
ASEAN 5 + CNY + JPY									
USDIDR	16725	16211	16695	16687	16798	0.44%	3.62%	0.62%	0.67%
USDTHB	31.524	34.64	31.847	31.519	31.485	-0.12%	-9.11%	-1.14%	-0.11%
USDSGD	1.286	1.367	1.296	1.285	1.284	-0.15%	-6.08%	-0.95%	-0.07%
USDPHP	58.862	58.399	58.943	58.876	59.190	0.56%	1.35%	0.42%	0.53%
USDCNY	6.989	7.332	7.072	6.989	6.985	-0.06%	-4.73%	-1.24%	-0.06%
USDJPY	156.840	158.330	155.510	156.450	156.680	-0.10%	-1.04%	0.75%	0.15%
USD									
EURUSD	1.172	1.032	1.165	1.175	1.168	-0.33%	13.19%	0.25%	-0.55%
GBPUSD	1.346	1.245	1.332	1.347	1.345	-0.07%	8.03%	0.96%	-0.19%
AUDUSD	0.669	0.621	0.664	0.668	0.670	0.09%	7.80%	0.95%	0.36%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
13/1/2026	US	Core Inflation Rate (DEC)	2.6% YoY	2.7% YoY
14/1/2026	CN	Balance of Trade (DEC)	USD111.68b	USD114.05b
14/1/2026	US	PPI (OCT)	0.3% MoM	N/A
14/1/2026	US	Existing Home Sales (DEC)	4.13m	N/A
15/1/2026	UK	GDP (NOV)	-0.1% MoM	N/A
15/1/2026	US	Initial Jobless Claims (JAN/10)	208.0k	N/A
16/1/2026	MY	GDP Growth Rate Preliminary (Q4)	5.2% YoY	5.0% YoY*
16/1/2026	US	Industrial Production (DEC)	0.2% MoM	0.2% MoM

Source: Kenanga Research, Trading Economics, Bloomberg

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