

19 Dec 2025

Ringgit Weekly Outlook

Likely to hover around 4.08-4.09/USD as DXY softens, BoJ risk tilts balance into year-end

Overview

- Performance:** As expected, the ringgit appreciated below 4.10/USD and stabilised near 4.09/USD amid a risk-on backdrop.
- Market Dynamics:** The USD softened as markets priced in tighter policy paths across G10 economies outside the US. A firmer CNY, buoyed by strong trade data, also lifted EM currencies. US unemployment rose to 4.6%, yet resilient NFP and retail sales left the January pause expectations unchanged. Fed Governor Waller struck a broadly dovish tone but stopped short of calling for rate cuts. Elsewhere, hawkish signals from the BoE and an upgraded ECB macro outlook added to downward pressure on the USD.
- Data Impact:** Despite US inflation undershot expectations sharply in November, the probability of a January rate cut edged up only modestly to around 28.0%, reflecting doubts over data quality distorted by the government shutdown. With limited top-tier data due next week, attention shifts to the BoJ meeting today, where a 25 bps hike is expected. Such a move would likely weaken the USD further. Markets will also scrutinise Governor Ueda's tone at the press conference. Beyond Japan, second-tier US data will remain in focus.
- Outlook:** Falling inflation and a higher unemployment rate present a textbook case for further Fed easing. However, data distortions and low confidence in recent releases may keep policymakers cautious in the near term. Our call for two cuts in March and June remains intact unless labour-market conditions deteriorate more sharply. Expectations of further Fed easing and a potentially hawkish BoJ, should favour risk assets and extend USD weakness. We expect DXY to drift below 98.0, amplified by seasonal softness. The ringgit should trade around 4.08–4.09/USD next week.
- Technical:** USDMYR retains a bullish technical bias. The pair may test its five-day EMA near 4.09 within a 4.08–4.10 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	19.297	4.089	4.092	4.099	4.080	4.076	▲

Signal for USD Trend = ▲ Bullish — Neutral ▼ Bearish

*F=Forecasts for end of period

Source: Kenanga Research, Bloomberg

RSI (7): 7-day Relative Strength Index

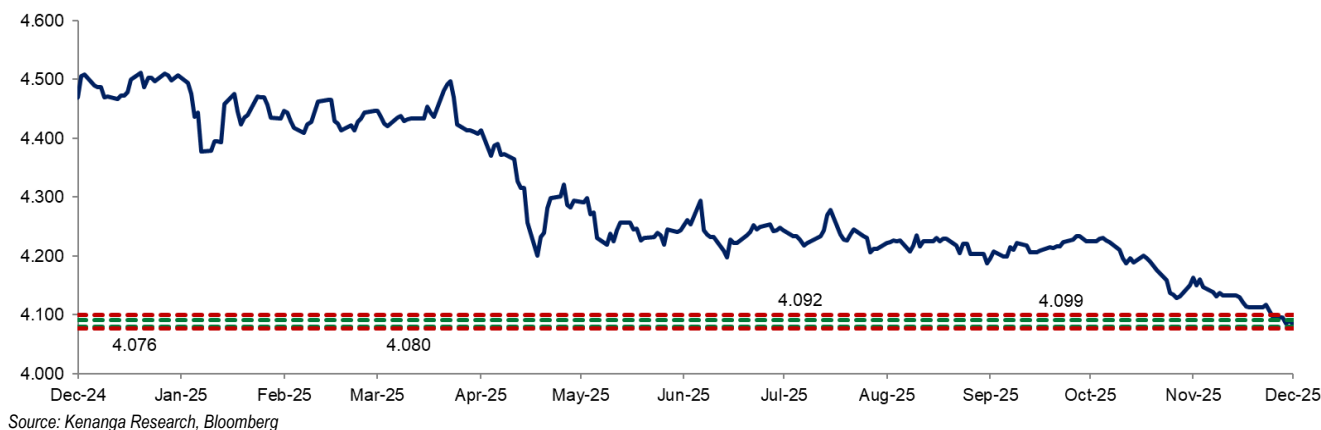
Measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

EMA (5): 5-day Exponential Moving Average

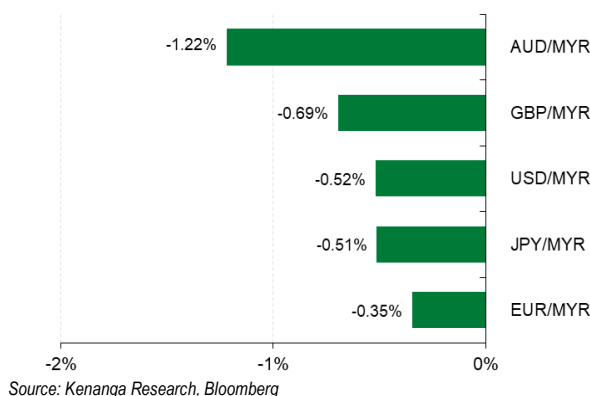
EMA gives more weight to the most recent periods, places more emphasis on what has been happening lately. Old data points retain a multiplier even if they are outside of the selected data series length.

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

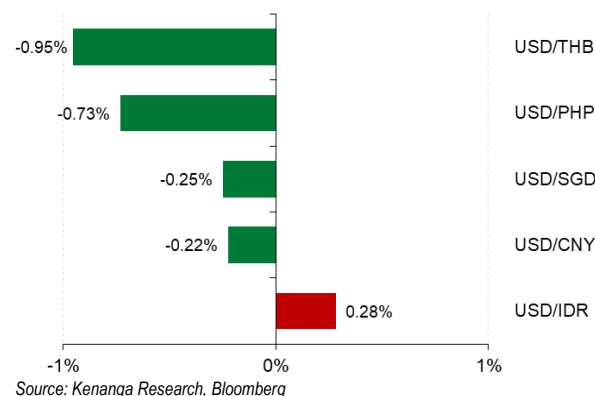
Graph 1: USDMYR Trend



Graph 2: Weekly Core Pairs' Performance



Graph 3: Weekly Regional Peers' Performance



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Table 2: Performance of Core Pairs

Currencies	02/01/25 YTD	18/12/24 Last Year	18/11/25 Last Month	11/12/25 Last Week	18/12/25 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
MYR									
USDMYR	4.479	4.470	4.163	4.107	4.086	-8.76%	-8.58%	-1.85%	-0.52%
AUDMYR	2.785	2.819	2.704	2.732	2.699	-3.07%	-4.26%	-0.20%	-1.22%
GBPMYR	5.590	5.671	5.476	5.493	5.455	-2.42%	-3.82%	-0.39%	-0.69%
EURMYR	4.636	4.691	4.825	4.806	4.790	3.31%	2.10%	-0.73%	-0.35%
JPYMYR	2.850	2.910	2.679	2.635	2.622	-8.01%	-9.92%	-2.12%	-0.51%
SGDMYR	3.288	3.307	3.196	3.174	3.164	-3.77%	-4.33%	-1.01%	-0.31%
ASEAN 5 + CNY + JPY									
USIDR	16198	16098	16751	16676	16723	3.24%	3.88%	-0.17%	0.28%
USDTHB	34.276	34.197	32.428	31.762	31.459	-8.22%	-8.01%	-2.99%	-0.95%
USDSGD	1.365	1.351	1.303	1.294	1.291	-5.41%	-4.45%	-0.92%	-0.25%
USDPHP	57.884	59.014	58.995	59	58.570	1.19%	-0.75%	-0.72%	-0.73%
USDCNY	7.299	7.286	7.109	7.057	7.041	-3.54%	-3.35%	-0.96%	-0.22%
USDJPY	157.140	153.580	155.420	155.870	155.860	-0.81%	1.48%	0.28%	-0.01%
USD									
EURUSD	1.032	1.050	1.158	1.171	1.173	13.65%	11.68%	1.23%	0.15%
GBPUSD	1.245	1.272	1.315	1.338	1.335	7.27%	4.99%	1.55%	-0.19%
AUDUSD	0.621	0.631	0.650	0.666	0.661	6.41%	4.64%	1.65%	-0.72%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
22/12/2025	MY	Inflation Rate (NOV)	1.3% YoY	1.6%* YoY
23/12/2025	US	Durable Goods Orders (OCT)	0.5% MoM	-1.5% MoM
23/12/2025	US	GDP Growth Rate 2 nd Estimate (Q3)	3.8% QoQ	3.2% QoQ
23/12/2025	US	Industrial Production (NOV)	N/A	0.1% MoM
23/12/2025	US	CB Consumer Confidence (DEC)	88.7	91.7
24/12/2025	US	Initial Jobless Claims (DEC/20)	224.0k	N/A
25/12/2025	CN	National People's Congress Standing Committee	N/A	N/A
26/12/2025	JP	Unemployment Rate	2.6%	2.6%

Source: Kenanga Research, Trading Economics, Bloomberg

*KIBB

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