

18 Jul 2025

Ringgit Weekly Outlook

Fed uncertainty and trade tensions to keep USDMYR in tight range

Overview

- Performance:** The MYR held steady around 4.24–4.25/USD, showing resilience despite the USD Index (DXY) trading above 98.0.
- Market Dynamics:** The DXY extended gains on Monday following reports of potential 30.0% US import tariffs on goods from the EU and Mexico. A hotter-than-expected US CPI print further boosted USD momentum, with markets now assigning just a 50.0% chance of a Fed rate cut in September. Despite China's stronger-than-expected 2Q25 GDP and Nvidia's resumption of AI chip sales to China, risk sentiment remained cautious post-CPI. A softer US PPI print also did little to shift the market's now less dovish view.
- Data Impact:** Markets will turn their focus to Fed Chair Powell's speech, where any hawkish tone could reinforce USD strength and dampen risk appetite. Beyond US data, geopolitical focus remains on US-EU trade tensions. While escalation risks persist, we expect a more constructive outcome that could help restore confidence and provide modest support to risk-on currencies like the ringgit.
- Outlook:** While the latest inflation data cooled expectations for a September rate cut, we still maintain our call for 25 bps cuts in both September and December, amid a gradual softening in the US labour market. The ringgit remains supported by improving domestic fundamentals, rising FDI inflows, and infrastructure catalysts like the resumption of MRT3 project. We expect USDMYR to range between 4.23–4.25/USD in the near term.
- Technical:** USDMYR continues to trade near its 5-day EMA of 4.25. Immediate support is at 4.24 (S1), with resistance at 4.25 (R1).

Table 1: Currency Outlook

Long Term*							
	Q2-25	Q3-25F	Q4-25F	Q1-26F	Q2-26F	Q3-25F	Trend
USDMYR	4.21	4.16	4.08	4.05	4.02	3.99	▼

Short Term (Technical)							
	RSI (7)	EMA (5)	R1	R2	S1	S2	Trend
USDMYR	52.02	4.25	4.25	4.26	4.24	4.23	—

Signal for USD Trend = ▲ Bullish — Neutral ▼ Bearish

*F=Forecasts for end of period

Source: Kenanga Research, Bloomberg

RSI (7): 7-day Relative Strength Index

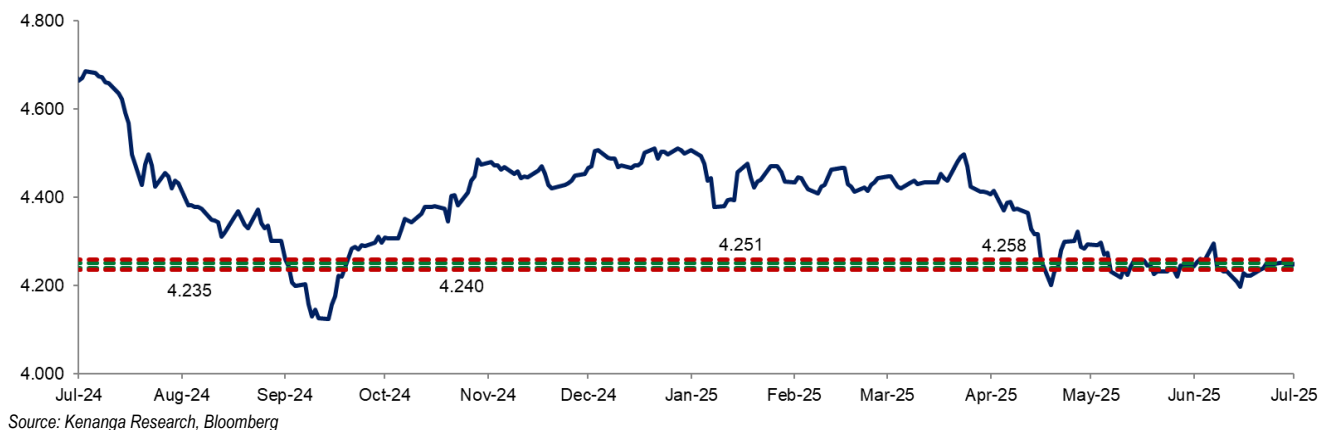
Measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

EMA (5): 5-day Exponential Moving Average

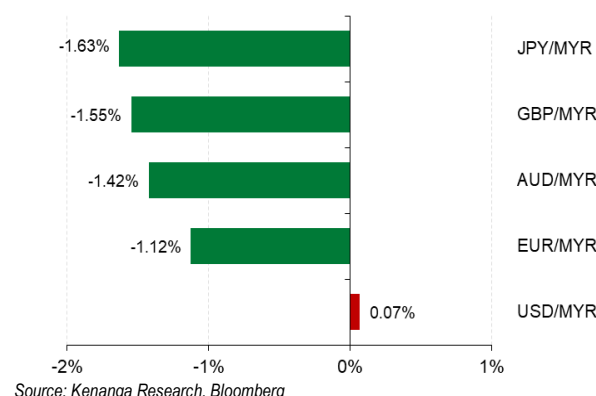
EMA gives more weight to the most recent periods, places more emphasis on what has been happening lately. Old data points retain a multiplier even if they are outside of the selected data series length.

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

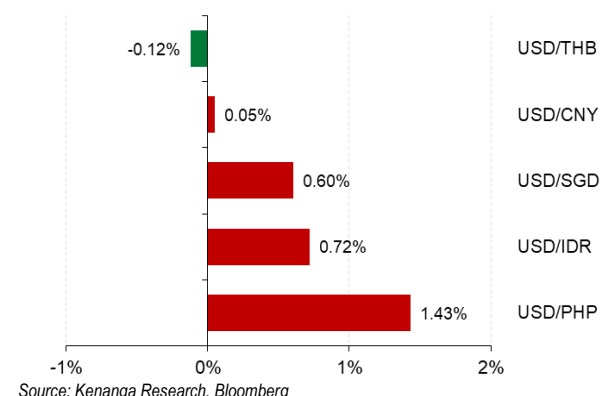
Graph 1: USDMYR Trend



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	17/07/24 Last Year	17/06/25 Last Month	10/07/25 Last Week	17/07/25 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
MYR									
USDMYR	4.479	4.664	4.243	4.246	4.249	-5.13%	-8.91%	0.13%	0.07%
AUDMYR	2.785	3.150	2.771	2.788	2.748	-1.32%	-12.76%	-0.82%	-1.42%
GBPMYR	5.590	6.083	5.748	5.783	5.694	1.86%	-6.41%	-0.95%	-1.55%
EURMYR	4.636	5.104	4.904	4.981	4.925	6.22%	-3.52%	0.43%	-1.12%
JPYMYR	2.850	2.976	2.933	2.906	2.858	0.29%	-3.96%	-2.54%	-1.63%
SGDMYR	3.288	3.483	3.310	3.320	3.303	0.47%	-5.15%	-0.21%	-0.50%
ASEAN 5 + CNY + JPY									
USIDR	16198	16100	16290	16224	16341	0.88%	1.50%	0.31%	0.72%
USDTHB	34.276	35.92	32.527	32.558	32.519	-5.13%	-9.47%	-0.02%	-0.12%
USDSGD	1.365	1.341	1.281	1.279	1.287	-5.73%	-4.03%	0.42%	0.60%
USDPHP	57.884	58.307	56.692	56.46	57.268	-1.06%	-1.78%	1.02%	1.43%
USDCNY	7.299	7.262	7.187	7.178	7.182	-1.61%	-1.11%	-0.07%	0.05%
USDJPY	157.140	156.740	144.690	144.660	144.660	-7.94%	-7.71%	-0.02%	0.00%
USD									
EURUSD	1.032	1.093	1.157	1.173	1.159	12.30%	5.99%	0.16%	-1.21%
GBPUSD	1.245	1.303	1.356	1.360	1.340	7.66%	2.82%	-1.17%	-1.46%
AUDUSD	0.621	0.674	0.654	0.657	0.647	4.12%	-4.11%	-1.09%	-1.52%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
22/7/2025	MY	Inflation Rate (JUN)	1.2% YoY	1.2% YoY*
22/7/2025	US	Fed Chair Powell Speech	N/A	N/A
23/7/2025	US	Existing Home Sales (JUN)	4.03m	4.00
24/7/2025	UK	S&P Global Manufacturing PMI Flash (JUL)	47.7	N/A
24/7/2025	EA	ECB Interest Rate Decision	2.00%	2.00% (status quo)
24/7/2025	US	Initial Jobless Claims (JUL/19)	221.0k	N/A
24/7/2025	US	S&P Global Manufacturing PMI Flash (JUL)	52.9	N/A
25/7/2025	US	Durable Goods Orders (JUN)	16.4% MoM	-10.0% MoM

Source: Kenanga Research, Trading Economics, Bloomberg

*KIBB

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

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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