

21 February 2025

Ringgit Weekly Outlook

To remain rangebound amid key global risk

Overview

- **Performance:** The ringgit remained stable, trading between 4.42 and 4.45 against the USD. Meanwhile, the USD index (DXY) hovered in the 106.0–107.0 range, weighed down by easing market concerns over Trump's tariff threats and weak US retail sales data, which signalled a softer start to 2025.
- **Market Dynamics:** The ringgit's stability reflected broader market sentiment, with risk-on appetite buoyed by signs of a potential ceasefire in Ukraine. However, the DXY found some support from signs of US-Russia cooperation, which pressured the EUR amid rising fears of Trump's isolationist policies. Trump's floated idea of a 25.0% tariff on autos and chips also bolstered the USD.
- **Data Impact:** Stronger-than-expected growth and a hot inflation reading in Japan renewed pressure on the DXY by raising the likelihood of another Bank of Japan rate hike. Despite the FOMC minutes signalling inflation concerns, we continue to expect at least two Fed rate cuts this year, while markets price in just one.
- **Outlook:** Near-term focus will be on US core PCE inflation data, a potential US-China trade deal, developments in the Russia-Ukraine conflict and progress of US isolationism toward Europe. The ringgit is expected to remain rangebound between 4.40 and 4.45 against USD in the week ahead.
- **Technical:** USDMYR remains neutral, likely to hover near its five-day EMA at 4.433, with RSI anchored in mid-range zone. Immediate resistance is seen at (R1) 4.437, while support holds at (S1) 4.410.

Table 1: Currency Outlook

Long Term*							
	Q4-24	Q1-25F	Q2-25F	Q3-25F	Q4-25F	Q1-26F	Trend
USDMYR	4.472	4.571	4.530	4.490	4.449	4.383	▲

Short Term (Technical)							
	RSI (7)	EMA (5)	R1	R2	S1	S2	Trend
USDMYR	35.373	4.433	4.437	4.455	4.410	4.401	—

Signal for USD Trend = ▲ Bullish — Neutral ▼ Bearish

*F=Forecasts for end of period

Source: Kenanga Research, Bloomberg

RSI (7): 7-day Relative Strength Index

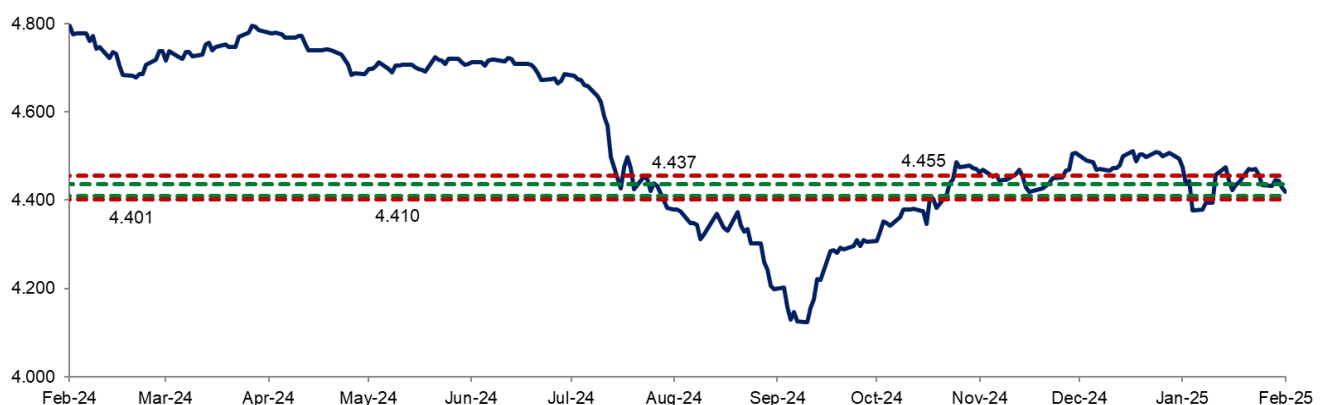
Measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

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.

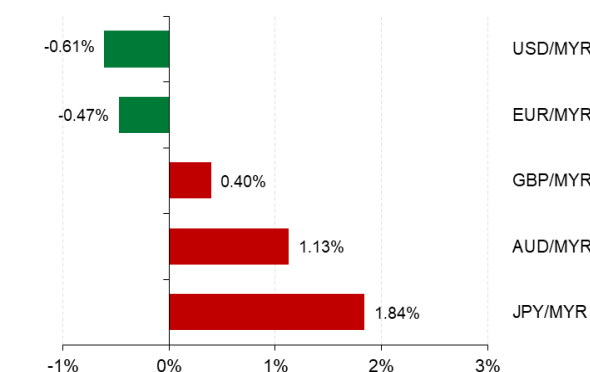
$$EMA = (P \times \alpha) + [Previous EMA \times (1 - \alpha)]$$

Graph 1: USDMYR Trend



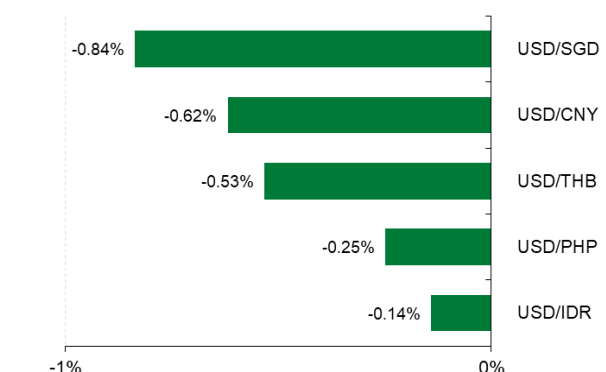
Source: Kenanga Research, Bloomberg

Graph 2: Weekly Core Pairs' Performance



Source: Kenanga Research, Bloomberg

Graph 3: Weekly Regional Peers' Performance



Source: Kenanga Research, Bloomberg

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Table 2: Performance of Core Pairs

Currencies	02/01/25 YTD	20/02/24 Last Year	20/01/25 Last Month	13/02/25 Last Week	20/02/25 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
MYR									
USDMYR	4.479	4.799	4.494	4.457	4.430	-1.09%	-7.69%	-1.42%	-0.61%
AUDMYR	2.785	3.145	2.786	2.793	2.824	1.41%	-10.21%	1.38%	1.13%
GBPMYR	5.590	6.048	5.472	5.566	5.588	-0.04%	-7.61%	2.12%	0.40%
EURMYR	4.636	5.182	4.631	4.645	4.623	-0.28%	-10.78%	-0.17%	-0.47%
JPYMYR	2.850	3.196	2.874	2.898	2.951	3.55%	-7.66%	2.70%	1.84%
SGDMYR	3.288	3.568	3.291	3.302	3.308	0.62%	-7.29%	0.53%	0.20%
ASEAN 5 + CNY + JPY									
USIDR	16198	15660	16368	16361	16338	0.86%	4.33%	-0.18%	-0.14%
USDTHB	34.276	36.038	34.26	33.808	33.628	-1.89%	-6.69%	-1.84%	-0.53%
USDSGD	1.365	1.344	1.365	1.349	1.338	-1.97%	-0.49%	-1.97%	-0.84%
USDPHP	57.884	56.055	58.522	58.071	57.926	0.07%	3.34%	-1.02%	-0.25%
USDCNY	7.299	7.193	7.273	7.288	7.243	-0.78%	0.70%	-0.42%	-0.62%
USDJPY	157.140	150.140	156.370	153.790	150.080	-4.49%	-0.04%	-4.02%	-2.41%
USD									
EURUSD	1.032	1.080	1.032	1.042	1.044	1.21%	-3.35%	1.23%	0.25%
GBPUSD	1.245	1.261	1.219	1.249	1.262	1.37%	0.06%	3.50%	0.98%
AUDUSD	0.621	0.656	0.620	0.627	0.638	2.72%	-2.76%	2.87%	1.75%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
25/2/2025	US	S&P/Case-Shiller Home Price (DEC)	4.3% YoY	N/A
26/2/2025	US	New Home Sales (JAN)	0.698m	0.678m
27/2/2025	MY	PPI (JAN)	0.5% YoY	N/A
27/2/2025	US	Durable Goods Orders (JAN)	-2.2% MoM	N/A
27/2/2025	US	GDP Growth Rate 2 nd Estimate (Q4)	3.1% QoQ	2.3% QoQ
27/2/2025	US	Initial Jobless Claims (FEB/22)	219.0k	N/A
28/2/2025	US	Core PCE Price Index (JAN)	0.2% MoM	0.3% MoM
28/2/2025	US	Personal Spending (JAN)	0.7% MoM	0.2% MoM

Source: Kenanga Research, Trading Economics, Bloomberg

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