

18 April 2025

Ringgit Weekly Outlook

Set to hold ground on relative macro stability amid USD weakness

Overview

- **Performance:** The ringgit held firm, trading stronger-than-expected around 4.41/USD, as the USD index (DXY) sank below 100.0 amid a crisis of confidence tied to erratic US trade policies and rising concerns over Washington's credibility.
- **Market Dynamics:** While the ringgit gained against the USD, it continued to underperform relative to other DM currencies. Despite tariff exemptions, markets continue to price in a risk premium on US assets. The DXY sluggish rebound, even as equity markets stabilise, underscores broader scepticism over US growth prospects. Powell's hawkish tone failed to lift the DXY. In contrast, the highly liquid EUR has benefited from portfolio rotation.
- **Data Impact:** Investors remain sensitive to trade-related headlines, especially following after Trump hinted at possible tariff de-escalation with Beijing—an outcome favourable to risk assets. US manufacturing PMI is expected to dip below the 50.0 mark, while the Atlanta Fed's GDPNow estimate pointing to a 2.2% contraction in US 1Q25 GDP, both weighing on the DXY.
- **Outlook:** The fading narrative of US exceptionalism could trigger a real shift in USD's share of global FX reserves and investment portfolios. The EUR stands to gain the most. While a trade truce may offer short-term relief, structural headwinds will likely keep the USD under pressure. Against this backdrop, the ringgit could benefit from macro stability. We expect USDMYR to stay stable around 4.40/USD in the coming week.
- **Technical:** The USDMYR pair remains neutral, consolidating near its 5-day EMA at 4.416. Trade-related developments should keep volatility contained, with support at (S1) 4.406 and resistance at (R1) 4.412.

Table 1: Currency Outlook

Long Term*						
	Q1-25	Q2-25F	Q3-25F	Q4-25F	Q1-26F	Q2-26F
USDMYR	4.434	4.530	4.490	4.449	4.383	4.317
						▲
Short Term (Technical)						
	RSI (7)	EMA (5)	R1	R2	S1	S2
USDMYR	31.467	4.416	4.412	4.415	4.406	4.404
						—

Signal for USD Trend = ▲ Bullish — Neutral ▼ Bearish

*F=Forecasts for end of period

Source: Kenanga Research, Bloomberg

RSI (7): 7-day Relative Strength Index

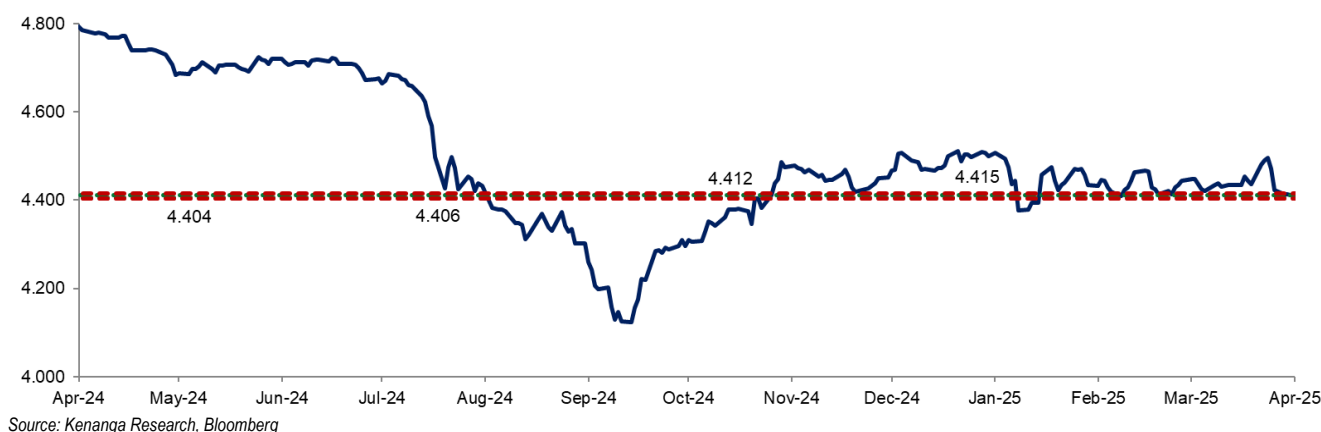
Measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

EMA (5): 5-day Exponential Moving Average

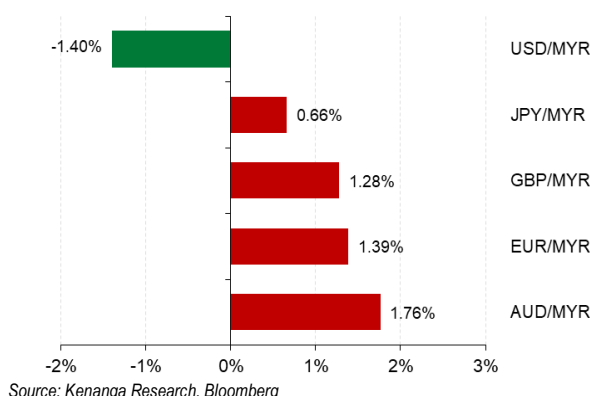
EMA gives more weight to the most recent periods, places more emphasis on what has been happening lately. Old data points retain a multiplier even if they are outside of the selected data series length.

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

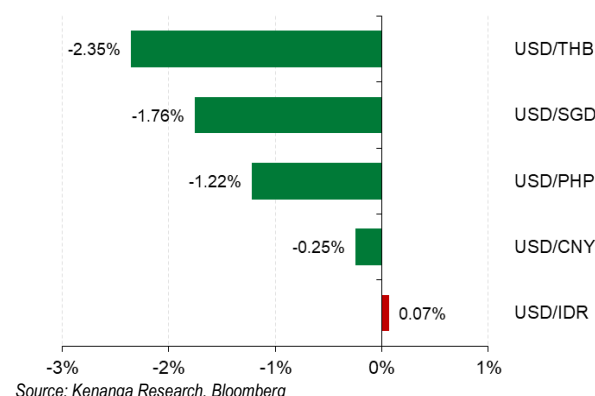
Graph 1: USDMYR Trend



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	17/04/24 Last Year	17/03/25 Last Month	10/04/25 Last Week	17/04/25 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
MYR									
USDMYR	4.479	4.793	4.447	4.470	4.407	-1.59%	-8.05%	-0.89%	-1.40%
AUDMYR	2.785	3.080	2.822	2.752	2.800	0.55%	-9.09%	-0.77%	1.76%
GBPMYR	5.590	5.976	5.758	5.762	5.836	4.39%	-2.35%	1.34%	1.28%
EURMYR	4.636	5.100	4.848	4.943	5.012	8.10%	-1.73%	3.39%	1.39%
JPYMYR	2.850	3.100	2.994	3.071	3.091	8.45%	-0.29%	3.22%	0.66%
SGDMYR	3.288	3.519	3.336	3.337	3.358	2.13%	-4.58%	0.66%	0.61%
ASEAN 5 + CNY + JPY									
USIDR	16198	16220	16406	16823	16834	3.93%	3.79%	2.61%	0.07%
USDTHB	34.276	36.821	33.604	34.101	33.299	-2.85%	-9.57%	-0.91%	-2.35%
USDSGD	1.365	1.363	1.332	1.336	1.313	-3.82%	-3.68%	-1.48%	-1.76%
USDPHP	57.884	57.198	57.299	57.332	56.634	-2.16%	-0.99%	-1.16%	-1.22%
USDCNY	7.299	7.239	7.226	7.318	7.299	0.00%	0.84%	1.01%	-0.25%
USDJPY	157.140	154.630	148.500	145.560	142.580	-9.27%	-7.79%	-3.99%	-2.05%
USD									
EURUSD	1.032	1.064	1.091	1.108	1.136	10.11%	6.78%	4.14%	2.53%
GBPUSD	1.245	1.245	1.297	1.291	1.322	6.24%	6.18%	1.94%	2.41%
AUDUSD	0.621	0.642	0.635	0.618	0.635	2.34%	-1.04%	0.08%	2.82%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
20/4/2025	CN	Loan Prime Rate 1Y	3.10%	3.10% (status quo)
22/4/2025	EA	Consumer Confidence Flash (APR)	-14.5	N/A
23/4/2025	MY	Inflation Rate (MAR)	1.5% YoY	1.6% YoY*
23/4/2025	US	S&P Global Manufacturing PMI Flash (APR)	50.2	49.3
23/4/2025	US	New Home Sales (MAR)	0.676m	0.681m
24/4/2025	US	Durable Goods Orders (MAR)	0.9% MoM	1.5% MoM
24/4/2025	US	Initial Jobless Claims (APR/19)	215.0k	N/A
24/4/2025	US	Existing Home Sales (MAR)	4.26m	4.14m

Source: Kenanga Research, Trading Economics, Bloomberg

*KIBB

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