

02 May 2025

Ringgit Weekly Outlook

To consolidate as markets eye trade developments

Overview

- Performance:** The ringgit once again exceeded expectations, strengthening towards the 4.32/USD level. Its resilience appears underpinned by Malaysia's relative macroeconomic stability and Bank Negara Malaysia's (BNM) consistent policy stance.
- Market Dynamics:** The USD gained some support from tariff exemptions on auto parts and a marginally weaker EUR. Despite a 1Q25 US GDP contraction (-0.3% QoQ), markets largely attributed this to front-loaded imports (+41.3%). The USD also drew strength from improved geopolitical sentiment, including revived US-China trade talks and a US-Ukraine deal on critical minerals.
- Data Impact:** Attention now turns to upcoming labour data, where any signs of tariff-induced strain could dent the USD. Next week's FOMC decision will be closely scrutinised for clues on the pace of rate cuts; we maintain our base case of a 25 bps cut in June. Trade negotiations, particularly between US and China, will remain a critical swing factor for the USD. Domestically, BNM is expected to hold its ground, but any downward revision to Malaysia's growth outlook may attract attention.
- Outlook:** The ringgit is expected to trade within the 4.30–4.35/USD range over the coming week, with markets remain cautious amid ongoing US economic uncertainty and evolving tariff dynamics. Positive outcomes from the special parliamentary sitting on May 5 could lend additional support to the ringgit.
- Technical:** USDMYR is likely to consolidate, with a mild weakening bias near its 5-day EMA of 4.333. Market direction will hinge on trade-related developments, with S1 at 4.307 and R1 at 4.355.

Table 1: Currency Outlook

Long Term*							
	Q1-25	Q2-25F	Q3-25F	Q4-25F	Q1-26F	Q2-26F	Trend
USDMYR	4.434	4.530	4.490	4.449	4.383	4.317	▲
Short Term (Technical)							
	RSI (7)	EMA (5)	R1	R2	S1	S2	Trend
USDMYR	26.778	4.333	4.355	4.384	4.307	4.287	—

Signal for USD Trend = ▲ Bullish — Neutral ▼ Bearish

*F=Forecasts for end of period

Source: Kenanga Research, Bloomberg

RSI (7): 7-day Relative Strength Index

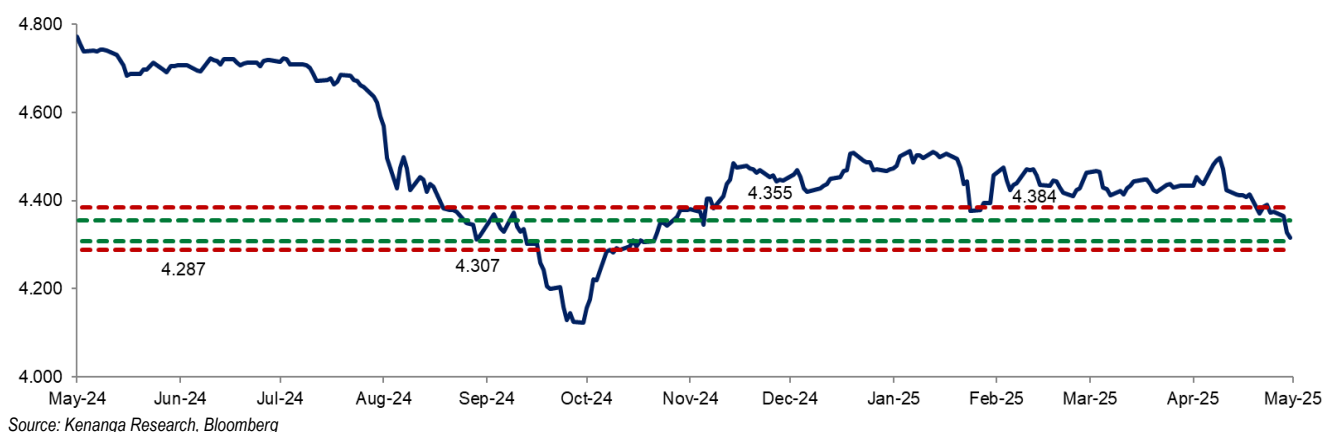
Measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

EMA (5): 5-day Exponential Moving Average

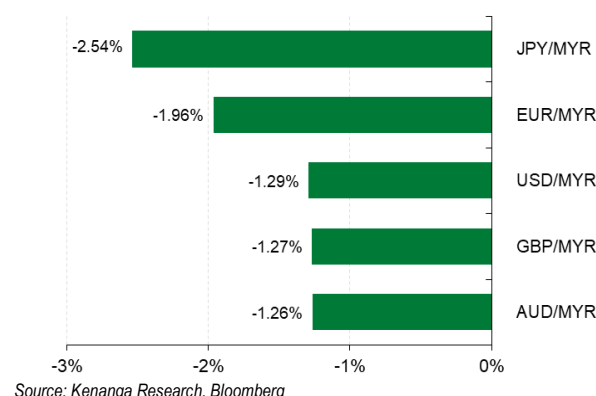
EMA gives more weight to the most recent periods, places more emphasis on what has been happening lately. Old data points retain a multiplier even if they are outside of the selected data series length.

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

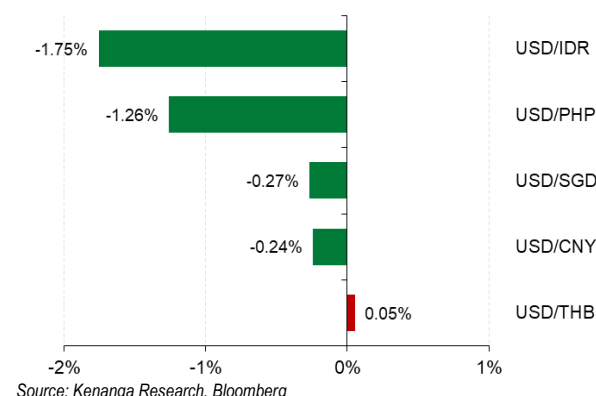
Graph 1: USDMYR Trend



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	01/05/24 Last Year	01/04/25 Last Month	24/04/25 Last Week	01/05/25 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
MYR									
USDMYR	4.479	4.772	4.434	4.372	4.316	-3.63%	-9.55%	-2.67%	-1.29%
AUDMYR	2.785	3.092	2.774	2.792	2.757	-1.01%	-10.85%	-0.64%	-1.26%
GBPMYR	5.590	5.957	5.728	5.817	5.743	2.74%	-3.59%	0.26%	-1.27%
EURMYR	4.636	5.087	4.792	4.978	4.880	5.25%	-4.07%	1.83%	-1.96%
JPYMYR	2.850	3.021	2.968	3.069	2.991	4.94%	-1.01%	0.76%	-2.54%
SGDMYR	3.288	3.495	3.301	3.333	3.300	0.37%	-5.60%	-0.04%	-1.00%
ASEAN 5 + CNY + JPY									
USIDR	16198	16259	16699	16873	16577	2.34%	1.96%	-0.73%	-1.75%
USDTHB	34.276	37.173	34.153	33.448	33.466	-2.36%	-9.97%	-2.01%	0.05%
USDSGD	1.365	1.365	1.343	1.312	1.308	-4.15%	-4.16%	-2.60%	-0.27%
USDPHP	57.884	57.825	57.232	56.562	55.849	-3.52%	-3.42%	-2.42%	-1.26%
USDCNY	7.299	7.241	7.271	7.289	7.271	-0.38%	0.42%	0.01%	-0.24%
USDJPY	157.140	157.910	149.400	142.490	144.280	-8.18%	-8.63%	-3.43%	1.26%
USD									
EURUSD	1.032	1.067	1.080	1.138	1.133	9.84%	6.21%	4.95%	-0.41%
GBPUSD	1.245	1.249	1.291	1.330	1.334	7.16%	6.82%	3.33%	0.29%
AUDUSD	0.621	0.648	0.625	0.639	0.639	2.98%	-1.33%	2.30%	0.14%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
5/5/2025	US	ISM Services PMI (APR)	50.8	50.2
6/5/2025	US	Balance of Trade (MAR)	-USD122.7b	-USD122.0b
8/5/2025	US	Fed Interest Rate Decision	4.50%	4.50% (status quo)*
8/5/2025	MY	Industrial Production (MAR)	1.5% YoY	N/A
8/5/2025	MY	BNM Interest Rate Decision	3.00%	3.00% (status quo)*
8/5/2025	US	Initial Jobless Claims (MAY/03)	241.0k	N/A
9/5/2025	CN	Balance of Trade (APR)	USD102.64b	N/A
9/5/2025	MY	Unemployment Rate (MAR)	3.1%	N/A

Source: Kenanga Research, Trading Economics, Bloomberg

*KIBB

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