

30 May 2025

# Ringgit Weekly Outlook

Improved risk sentiment signals modest gains

## Overview

- Performance:** The ringgit held firm in the 4.22–4.24/USD range, defying a mild DXY rebound above 99.0. Persistent bond inflows and improved risk appetite helped lift the local note.
- Market Dynamics:** The greenback found support after Trump adopted a more conciliatory stance toward the EU, including a tariff extension. A sharp recovery in US consumer confidence and hawkish-leaning FOMC minutes also buoyed sentiment. Although the USD initially rallied on a US Court of International Trade ruling that deemed most of Trump's tariffs unlawful, broader global risk-on sentiment subsequently lifted Asian currencies.
- Data Impact:** Investors now await the core PCE deflator, expected to rise a modest 0.1% MoM. Focus will shift to next week's US NFP; a weak print could reignite recession fears and weigh on the USD. Meanwhile, the ECB is widely expected to cut rates by 25 bps; dovish forward guidance may offer mild support to the USD.
- Outlook:** Concerns over US fiscal sustainability continue to cast a shadow over USD strength. In the absence of robust US hard data, further USD weakness looks likely. However, should Trump deliver more market-friendly surprises, particularly on tariffs, the DXY could still climb toward the 100.0 level. We are monitoring the appeal process and legal fallout of the US trade court ruling. Markets are unlikely to fully unwind the USD risk premium yet. Against this backdrop, the ringgit is expected to stay rangebound between 4.20 and 4.25/USD next week.
- Technical:** The USDMYR remains technically neutral, hovering near its 5-day EMA of 4.23. Sentiment will drive direction next week, with support at (S1) 4.21 and resistance at (R1) 4.24.

Table 1: Currency Outlook

Long Term*						
	Q1-25	Q2-25F	Q3-25F	Q4-25F	Q1-26F	Q2-26F
USDMYR	4.43	4.25	4.16	4.08	4.05	4.02
						▼
Short Term (Technical)						
	RSI (7)	EMA (5)	R1	R2	S1	S2
USDMYR	35.83	4.23	4.24	4.25	4.21	4.20
						—

Signal for USD Trend = ▲ Bullish    — Neutral    ▼ Bearish

\*F=Forecasts for end of period

Source: Kenanga Research, Bloomberg

RSI (7): 7-day Relative Strength Index

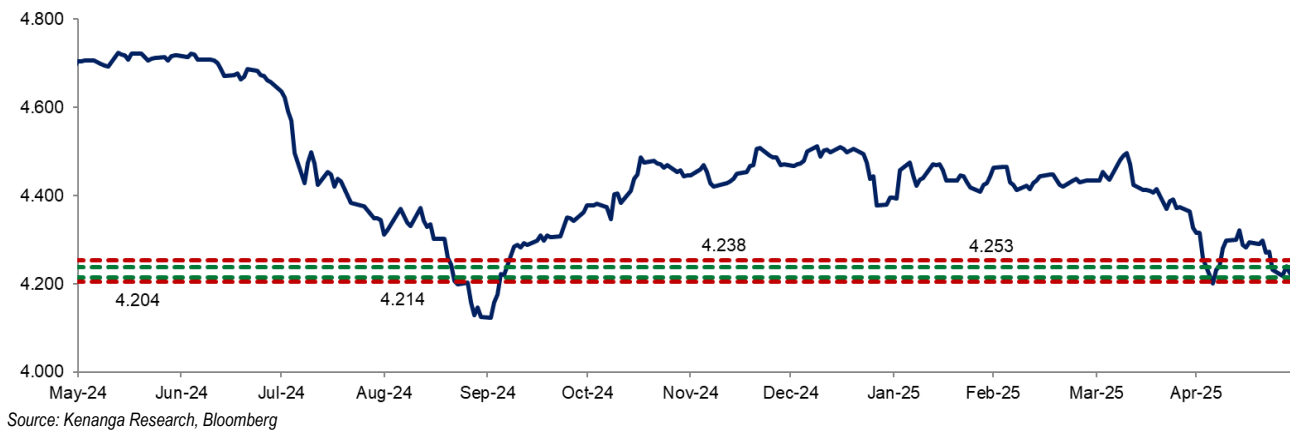
Measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

EMA (5): 5-day Exponential Moving Average

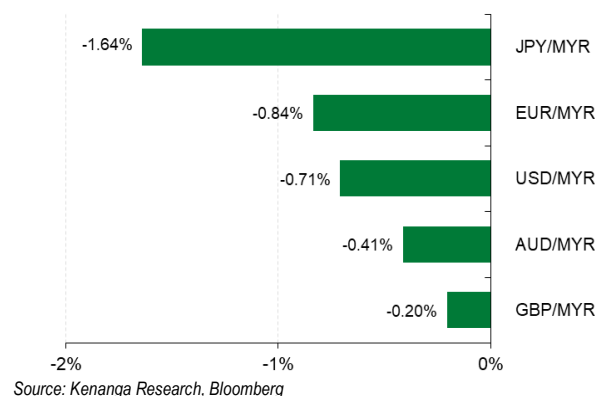
EMA gives more weight to the most recent periods, places more emphasis on what has been happening lately. Old data points retain a multiplier even if they are outside of the selected data series length.

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

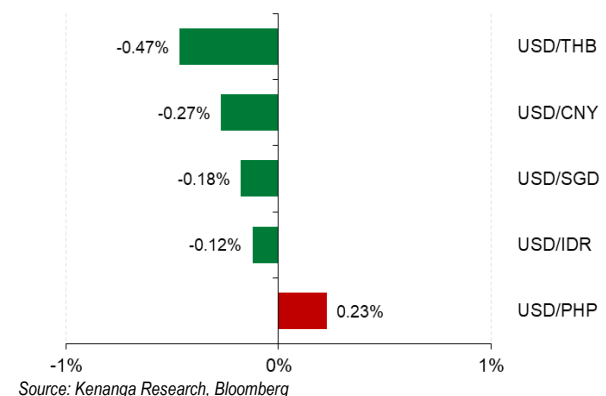
Graph 1: USDMYR Trend



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	29/05/24 Last Year	29/04/25 Last Month	22/05/25 Last Week	29/05/25 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
MYR									
USDMYR	4.479	4.705	4.327	4.274	4.243	-5.25%	-9.81%	-1.94%	-0.71%
AUDMYR	2.785	3.126	2.774	2.745	2.734	-1.83%	-12.54%	-1.45%	-0.41%
GBPMYR	5.590	6.003	5.797	5.727	5.716	2.25%	-4.79%	-1.40%	-0.20%
EURMYR	4.636	5.105	4.925	4.826	4.786	3.23%	-6.25%	-2.82%	-0.84%
JPYMYR	2.850	2.992	3.033	2.975	2.926	2.68%	-2.20%	-3.52%	-1.64%
SGDMYR	3.288	3.486	3.305	3.309	3.289	0.04%	-5.65%	-0.48%	-0.59%
ASEAN 5 + CNY + JPY									
USIDR	16198	16160	16761	16328	16308	0.68%	0.92%	-2.70%	-0.12%
USDTHB	34.276	36.762	33.403	32.873	32.720	-4.54%	-11.00%	-2.04%	-0.47%
USDSGD	1.365	1.350	1.310	1.292	1.290	-5.50%	-4.45%	-1.56%	-0.18%
USDPHP	57.884	58.461	56.142	55.615	55.741	-3.70%	-4.65%	-0.71%	0.23%
USDCNY	7.299	7.249	7.271	7.206	7.186	-1.55%	-0.87%	-1.17%	-0.27%
USDJPY	157.140	157.230	142.660	143.660	145.020	-7.71%	-7.77%	1.65%	0.95%
USD									
EURUSD	1.032	1.085	1.138	1.129	1.129	9.39%	4.05%	-0.81%	-0.05%
GBPUSD	1.245	1.275	1.338	1.340	1.347	8.24%	5.70%	0.67%	0.56%
AUDUSD	0.621	0.664	0.640	0.642	0.644	3.77%	-2.91%	0.69%	0.42%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
2/6/2025	US	ISM Manufacturing PMI (MAY)	48.7	49.2
3/6/2025	MY	S&P Global Manufacturing PMI (MAY)	48.6	N/A
3/6/2025	CN	Caixin Manufacturing PMI (MAY)	50.4	50.8
3/6/2025	US	JOLTs Job Openings (APR)	7.192m	7.100m
4/6/2025	US	ADP Employment Change (MAY)	62.0k	110.0k
4/6/2025	US	ISM Services PMI (MAY)	51.6	52.0
5/6/2025	EA	ECB Interest Rate Decision	2.25%	2.00% (25 bps cut)
6/6/2025	US	Non Farm Payrolls (MAY)	177.0k	130.0k

Source: Kenanga Research, Trading Economics, Bloomberg

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