

06 Jun 2025

Ringgit Weekly Outlook

To rangebound amid tentative easing in US-China tensions

Overview

- **Performance:** After briefly weakening to 4.26/USD last Friday, the ringgit regained some ground this week, trading within the 4.23–4.25 range as expected, aided in part by a subdued DXY.
- **Market Dynamics:** The USD initially slipped after the US doubled tariffs on steel and aluminium, and Trump threatened a “revenge tax.” Weak ISM print and growing fiscal concerns added pressure. Still, the greenback rebounded on strong JOLTs data and renewed optimism over Trump-Xi trade talks. That said, softer ADP jobs data and rising jobless claims point to cracks in the labour market.
- **Data Impact:** Thursday’s ECB rate cut did little to bolster the USD, as the EUR held gains amid signals further easing may pause soon. Attention now turns to tonight’s NFP. A sub-100k print could stoke recession fears and reinforce the case for a Fed rate cut. Still, markets may hold fire until next week’s core inflation data, where a 0.3% MoM increase is expected.
- **Outlook:** Despite lingering fears of renewed trade and bond market volatility once the 90-day US reciprocal tariffs pause ends in July, much depends on US-China negotiations. A breakthrough could offer the USD short-term support, though fiscal-driven term premiums may cap gains. On the domestic front, if upcoming IPI and retail sales data point to economic resilience, the ringgit could appreciate further, potentially testing the 4.21–4.24/USD range next week.
- **Technical:** USDMYR remains neutral, trading near its 5-day EMA of 4.24. Trade-related headlines are likely to guide near-term direction, with support at 4.22 (S1) and resistance at 4.25 (R1).

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	34.53	4.24	4.25	4.27	4.22	4.21
						—

Signal for USD Trend = ▲ Bullish — Neutral ▼ Bearish

*F=Forecasts for end of period

Source: Kenanga Research, Bloomberg

RSI (7): 7-day Relative Strength Index

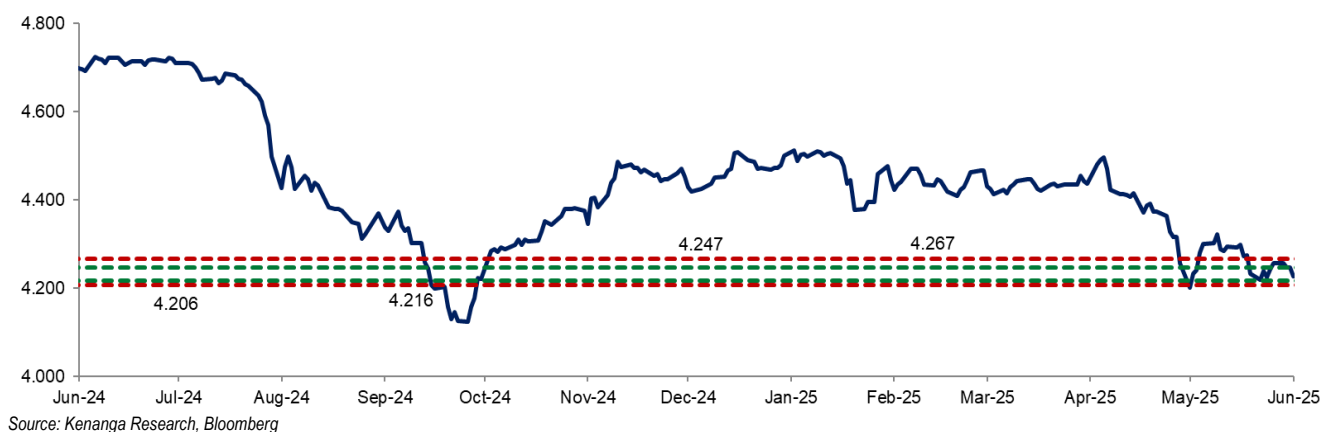
Measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

EMA (5): 5-day Exponential Moving Average

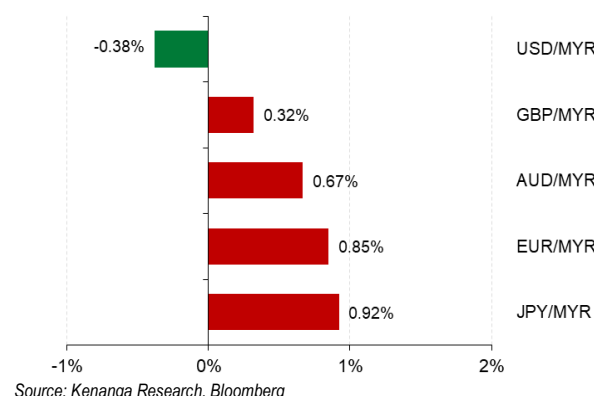
EMA gives more weight to the most recent periods, places more emphasis on what has been happening lately. Old data points retain a multiplier even if they are outside of the selected data series length.

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

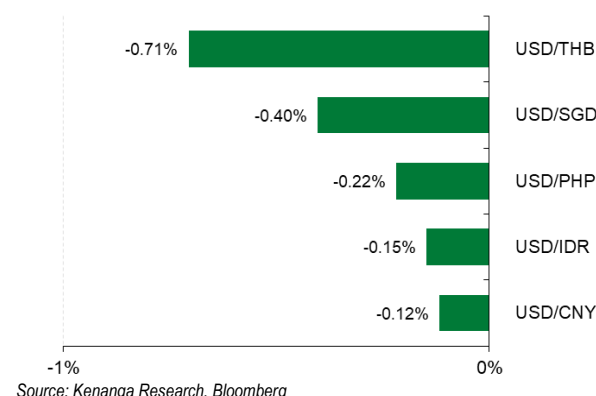
Graph 1: USDMYR Trend



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	05/06/24 Last Year	05/05/25 Last Month	29/05/25 Last Week	05/06/25 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
MYR									
USDMYR	4.479	4.698	4.201	4.243	4.227	-5.62%	-10.02%	0.61%	-0.38%
AUDMYR	2.785	3.123	2.727	2.734	2.752	-1.17%	-11.88%	0.90%	0.67%
GBPMYR	5.590	6.002	5.589	5.716	5.734	2.57%	-4.47%	2.59%	0.32%
EURMYR	4.636	5.108	4.765	4.786	4.827	4.11%	-5.51%	1.30%	0.85%
JPYMYR	2.850	3.010	2.918	2.926	2.953	3.63%	-1.88%	1.21%	0.92%
SGDMYR	3.288	3.486	3.265	3.289	3.290	0.08%	-5.63%	0.76%	0.03%
ASEAN 5 + CNY + JPY									
USIDR	16198	16287	16455	16308	16284	0.53%	-0.02%	-1.04%	-0.15%
USDTHB	34.276	36.715	32.862	32.72	32.489	-5.21%	-11.51%	-1.14%	-0.71%
USDSGD	1.365	1.348	1.289	1.290	1.285	-5.88%	-4.71%	-0.36%	-0.40%
USDPHP	57.884	58.799	55.76	55.741	55.619	-3.91%	-5.41%	-0.25%	-0.22%
USDCNY	7.299	7.248	7.271	7.186	7.178	-1.67%	-0.97%	-1.29%	-0.12%
USDJPY	157.140	156.070	143.960	145.020	143.140	-8.91%	-8.28%	-0.57%	-1.30%
USD									
EURUSD	1.032	1.087	1.135	1.129	1.142	10.73%	5.11%	0.70%	1.22%
GBPUSD	1.245	1.277	1.331	1.347	1.358	9.06%	6.29%	2.01%	0.76%
AUDUSD	0.621	0.664	0.648	0.644	0.651	4.86%	-1.99%	0.43%	1.06%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
9/6/2025	CN	Inflation Rate (MAY)	-0.1% YoY	-0.2% YoY
9/6/2025	CN	Balance of Trade (MAY)	USD96.18b	USD100.60b
11/6/2025	MY	Industrial Production (APR)	3.2% YoY	N/A
11/6/2025	MY	Unemployment Rate (APR)	3.1%	N/A
11/6/2025	US	Core Inflation (MAY)	0.2% MoM	0.3% MoM
12/6/2025	US	PPI (MAY)	-0.5% MoM	0.3% MoM
12/6/2025	US	Initial Jobless Claims (JUN/07)	247.0k	N/A
13/6/2025	MY	Retail Sales (APR)	6.6% YoY	N/A

Source: Kenanga Research, Trading Economics, Bloomberg

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