

20 Jun 2025

Ringgit Weekly Outlook

To remain defensive amid renewed USD demand on Middle East risk

Overview

- Performance:** As expected, the ringgit held steady early in the week but slipped past 4.26/USD on Thursday, weighed down by rising Middle East tensions and speculation over potential US involvement.
- Market Dynamics:** Geopolitical risk dominated market sentiment, with Brent climbing to USD78.9/barrel. While higher oil prices typically lift the USD, lingering concerns over US fiscal health has tempered greenback gains. This week, the USD was more responsive to geopolitical headlines than to macro indicators. Weaker-than-expected US retail sales, the Fed's increasingly stagflationary guidance, and foreign selling of US Treasuries had limited impact.
- Data Impact:** With a light data calendar, geopolitics will remain in focus. The USD is likely to outperform the EUR in this risk-off environment. Trump's comments that a decision on US military participation may come within two weeks added to market unease. While higher oil prices have temporarily boosted the USD's safe-haven appeal, long-term structural fiscal concerns, particularly rising US debt, may weigh on the currency over the longer term.
- Outlook:** Rising geopolitical tensions and tariff uncertainty may keep the USD supported, pressuring EM currencies. The ringgit is expected to trade within the 4.24–4.27/USD, depending on how the Middle East situation evolves. Markets will also watch the Fed's June 25 board meeting, where discussions on potential easing of bank leverage rules could have broad capital implications.
- Technical:** The USDMYR pair remains rangebound, orbiting its 5-day EMA at 4.25. Price movement is likely to stay driven by geopolitics developments, with support at 4.24 (S1) and resistance at 4.26 (R1).

Table 1: Currency Outlook

Long Term*							
	Q1-25	Q2-25F	Q3-25F	Q4-25F	Q1-26F	Q2-26F	Trend
USDMYR	4.43	4.25	4.16	4.08	4.05	4.02	▼

Short Term (Technical)							
	RSI (7)	EMA (5)	R1	R2	S1	S2	Trend
USDMYR	52.75	4.25	4.26	4.27	4.24	4.23	—

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

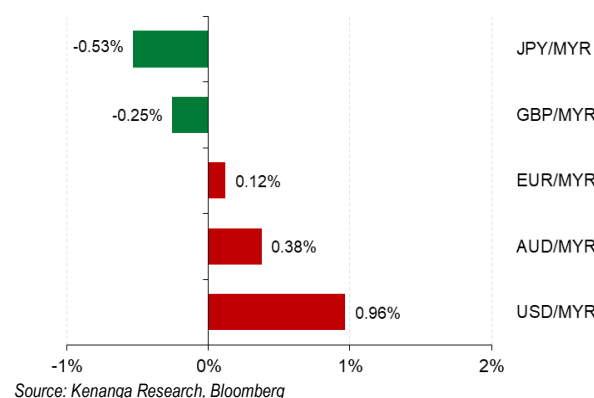
EMA gives more weight to the most recent periods, places more emphasis on what has been happening lately. Old data points retain a multiplier even if they are outside of the selected data series length.

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

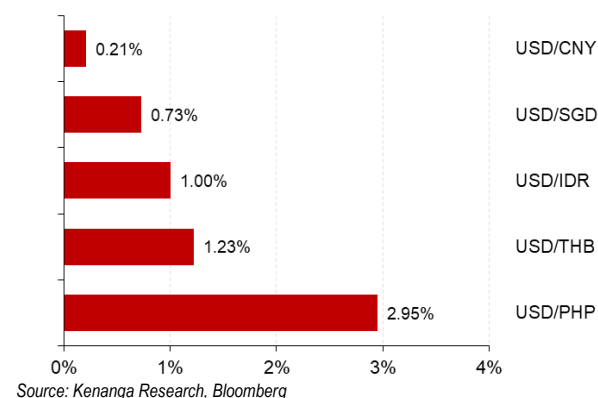
Graph 1: USDMYR Trend



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	19/06/24 Last Year	19/05/25 Last Month	12/06/25 Last Week	19/06/25 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
MYR									
USDMYR	4.479	4.707	4.291	4.220	4.261	-4.86%	-9.47%	-0.70%	0.96%
AUDMYR	2.785	3.139	2.766	2.744	2.754	-1.08%	-12.25%	-0.40%	0.38%
GBPMYR	5.590	5.992	5.748	5.733	5.718	2.29%	-4.57%	-0.52%	-0.25%
EURMYR	4.636	5.053	4.839	4.884	4.889	5.46%	-3.25%	1.03%	0.12%
JPYMYR	2.850	2.982	2.963	2.940	2.924	2.60%	-1.94%	-1.32%	-0.53%
SGDMYR	3.288	3.484	3.316	3.297	3.309	0.64%	-5.03%	-0.22%	0.35%
ASEAN 5 + CNY + JPY									
USIDR	16198	16365	16434	16243	16406	1.28%	0.25%	-0.17%	1.00%
USDTHB	34.276	36.654	33.054	32.397	32.794	-4.32%	-10.53%	-0.79%	1.23%
USDSGD	1.365	1.350	1.294	1.279	1.288	-5.60%	-4.58%	-0.43%	0.73%
USDPHP	57.884	58.754	55.7	55.798	57.444	-0.76%	-2.23%	3.13%	2.95%
USDCNY	7.299	7.257	7.214	7.173	7.188	-1.53%	-0.95%	-0.36%	0.21%
USDJPY	157.140	157.830	144.800	143.550	145.710	-7.27%	-7.68%	0.63%	1.50%
USD									
EURUSD	1.032	1.075	1.128	1.159	1.147	11.21%	6.73%	1.74%	-1.03%
GBPUSD	1.245	1.274	1.339	1.359	1.343	7.87%	5.43%	0.28%	-1.21%
AUDUSD	0.621	0.667	0.645	0.652	0.646	4.11%	-3.13%	0.29%	-0.81%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
23/6/2025	US	S&P Global Manufacturing PMI Flash (JUN)	52.0	51.0
23/6/2025	US	Existing Home Sales (MAY)	4.00m	3.95m
24/6/2025	MY	Inflation Rate (MAY)	1.4% YoY	1.3% YoY*
25/6/2025	US	New Home Sales (MAY)	0.743m	0.693m
26/6/2025	US	Durable Goods Orders (MAY)	-6.3% MoM	6.9% MoM
26/6/2025	US	GDP Growth Rate Final (Q1)	2.4% QoQ	-0.2% QoQ
26/6/2025	US	Initial Jobless Claims (JUN/21)	245.0k	248.0k
27/6/2025	US	Core PCE Price Index (MAY)	0.1% MoM	0.1% MoM

Source: Kenanga Research, Trading Economics, Bloomberg

*KIBB

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