

26 Jun 2025

Ringgit Weekly Outlook

To trade sideways as focus shifts to US inflation and unemployment data release

Overview

- Performance:** While the ringgit has been trading broadly stable in line with our expectations, US strikes on Iran over the weekend unsettled markets on Monday, driving it close to 4.30/USD.
- Market Dynamics:** The US dollar index (DXY) traded on a softer footing this week, ranging between 97.7 and 98.4, even as geopolitical tensions stirred risk-off sentiment. Notably, investors turned to EUR-denominated assets rather than the greenback as the spike in oil prices proved short-lived. Risk appetite recovered after Trump announced a ceasefire between Iran and Israel, helping to reverse much of the ringgit's earlier weakness. A pullback in both oil and the DXY followed, reinforced by increasingly dovish Fed signals.
- Data Impact:** Markets will closely monitor the US core PCE reading due tomorrow (Consensus: 0.1% MoM) for any signs of a renewed inflation uptick. Attention will then shift to next week's labour market data, with NFP expected to ease towards the 100.0k mark and the unemployment rate possibly rising to 4.3%. June's manufacturing data will also be scrutinised for early signs of tariff-related strain.
- Outlook:** With geopolitical risk largely unwound, market attention is returning to US macro data. Softer employment figures could reinforce expectations of a rate cut as early as September, aligning with our base case. Fiscal developments may also take centre stage, particularly Trump's proposed "big, beautiful bill," which is expected to get the Senate vote by July 4th. All considered, the ringgit may trade rangebound between 4.22-4.26/USD in the week ahead.
- Technical:** The USDMYR pair remains anchored around its 5-day EMA at 4.24. Direction will hinge on incoming US macro data, with key support at 4.20 (S1) and resistance at 4.27 (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	39.59	4.24	4.27	4.32	4.20	4.18	—

Signal for USD Trend = ▲ Bullish — Neutral ▼ Bearish

*F=Forecasts for end of period

Source: Kenanga Research, Bloomberg

RSI (7): 7-day Relative Strength Index

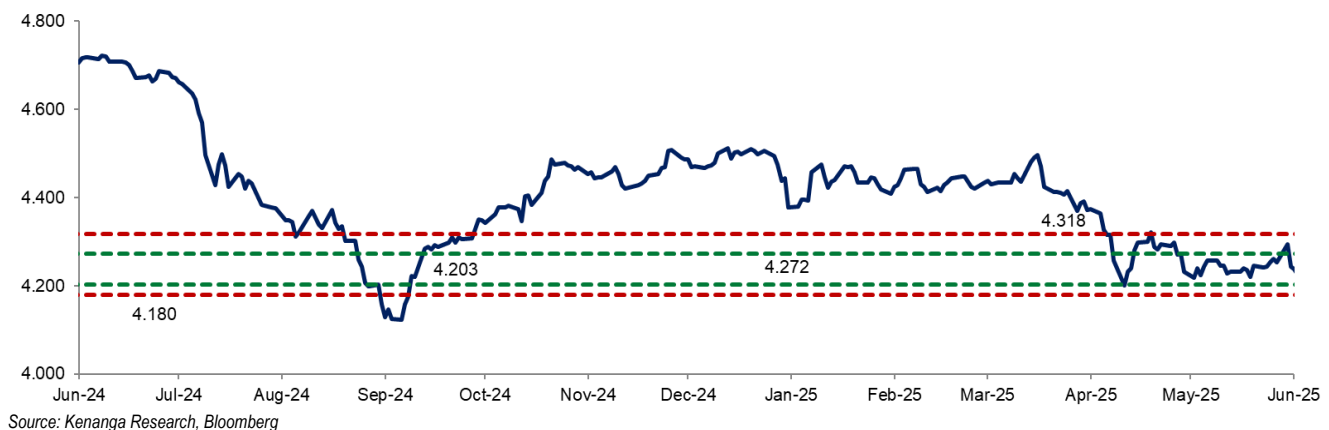
Measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

EMA (5): 5-day Exponential Moving Average

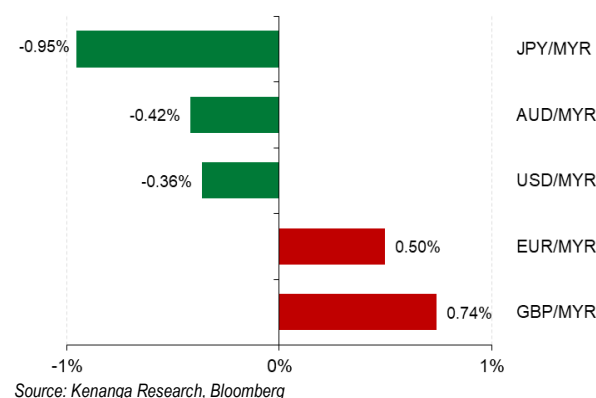
EMA gives more weight to the most recent periods, places more emphasis on what has been happening lately. Old data points retain a multiplier even if they are outside of the selected data series length.

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

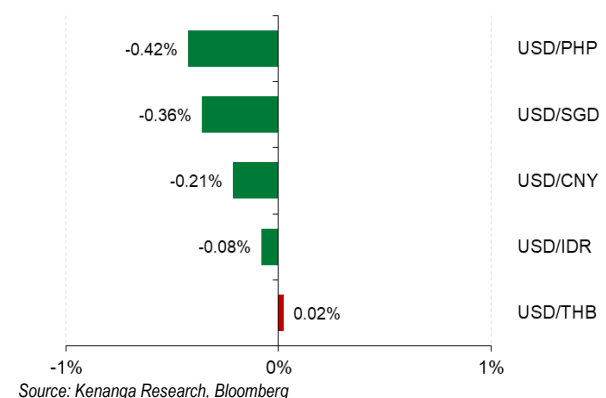
Graph 1: USDMYR Trend



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	25/06/24 Last Year	23/05/25 Last Month	18/06/25 Last Week	25/06/25 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
MYR									
USDMYR	4.479	4.705	4.232	4.253	4.237	-5.39%	-9.95%	0.13%	-0.36%
AUDMYR	2.785	3.134	2.735	2.764	2.752	-1.17%	-12.18%	0.62%	-0.42%
GBPMYR	5.590	5.971	5.712	5.725	5.767	3.17%	-3.42%	0.97%	0.74%
EURMYR	4.636	5.046	4.803	4.892	4.916	6.04%	-2.57%	2.37%	0.50%
JPYMYR	2.850	2.951	2.968	2.936	2.908	2.05%	-1.46%	-2.02%	-0.95%
SGDMYR	3.288	3.478	3.292	3.310	3.309	0.66%	-4.84%	0.53%	0.00%
ASEAN 5 + CNY + JPY									
USIDR	16198	16375	16218	16313	16300	0.63%	-0.46%	0.51%	-0.08%
USDTHB	34.276	36.646	32.496	32.632	32.640	-4.77%	-10.93%	0.44%	0.02%
USDSGD	1.365	1.353	1.285	1.285	1.281	-6.15%	-5.34%	-0.31%	-0.36%
USDPHP	57.884	58.77	55.277	56.95	56.708	-2.03%	-3.51%	2.59%	-0.42%
USDCNY	7.299	7.263	7.181	7.189	7.174	-1.72%	-1.22%	-0.10%	-0.21%
USDJPY	157.140	159.430	142.560	144.820	145.730	-7.26%	-8.59%	2.22%	0.63%
USD									
EURUSD	1.032	1.072	1.136	1.149	1.160	12.47%	8.22%	2.13%	0.97%
GBPUSD	1.245	1.269	1.354	1.344	1.361	9.30%	7.22%	0.50%	1.22%
AUDUSD	0.621	0.666	0.649	0.649	0.650	4.62%	-2.45%	0.12%	0.12%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
30/6/2025	CN	NBS Manufacturing PMI (JUN)	49.5	49.6
1/7/2025	MY	S&P Global Manufacturing PMI (JUN)	48.8	N/A
1/7/2025	US	ISM Manufacturing PMI (JUN)	48.5	48.5
1/7/2025	US	JOLTs Job Openings (MAY)	7.391m	N/A
2/7/2025	US	ADP Employment Change (JUN)	37.0k	N/A
3/7/2025	US	Non Farm Payrolls (JUN)	139.0k	116.0k
3/7/2025	US	Unemployment Rate (JUN)	4.2%	4.3%
3/7/2025	US	ISM Services PMI (JUN)	49.9	50.4

Source: Kenanga Research, Trading Economics, Bloomberg

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