

11 Jul 2025

Ringgit Weekly Outlook

Tariffs still in focus, but macro to take the wheel; rangebound for now

Overview

- **Performance:** EM FX, including the MYR, weakened against the USD, as hopes for a favourable tariff outcome failed to materialise.
- **Market Dynamics:** The ringgit depreciated modestly but remained broadly stable within the 4.24–4.25/USD range. Sentiment soured after Trump's tariff letter revealed that Malaysia could face a 25.0% tariff, 1.0 ppt higher than the so-called Liberation Day rate. Although the measure is not yet final and the USD index held below 98.0, the market appeared to sell on the news. Domestically, a lower OPR of 2.75% added slight pressure on the ringgit.
- **Data Impact:** While tariffs remain a key driver, attention is likely to shift towards incoming macro data, given the volatility of US trade rhetoric. Markets expect US core CPI to rise 0.3% MoM next week, an outcome that, if realised, could push back the timing of the Fed's first rate cut. Initial jobless claims will also be closely watched, as any signs of labour market softening could complicate the Fed's policy calculus. Domestically, the release of 2Q25 GDP data may draw attention; a stronger print could reinforce MY's resilience narrative.
- **Outlook:** We remain neutral on near-term USD direction. The tariff narrative is likely to weigh more heavily on local markets than global sentiment. Sector-specific tariffs remain in focus, as they risk fuelling inflation and entrenching the Fed's higher-for-longer narrative. While the Fed remains cautious, we continue to anticipate a September cut, particularly if labour conditions worsen and no compromise emerges ahead of the August deadline. We expect the ringgit to trade under pressure in the 4.25–4.28/USD range next week.
- **Technical:** USDMYR continues to track its 5-day EMA near 4.25. Support lies at 4.24 (S1), while resistance is seen at 4.26 (R1).

Table 1: Currency Outlook

Long Term*							
	Q2-25	Q3-25F	Q4-25F	Q1-26F	Q2-26F	Q3-25F	Trend
USDMYR	4.21	4.16	4.08	4.05	4.02	3.99	▼

Short Term (Technical)							
	RSI (7)	EMA (5)	R1	R2	S1	S2	Trend
USDMYR	62.73	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

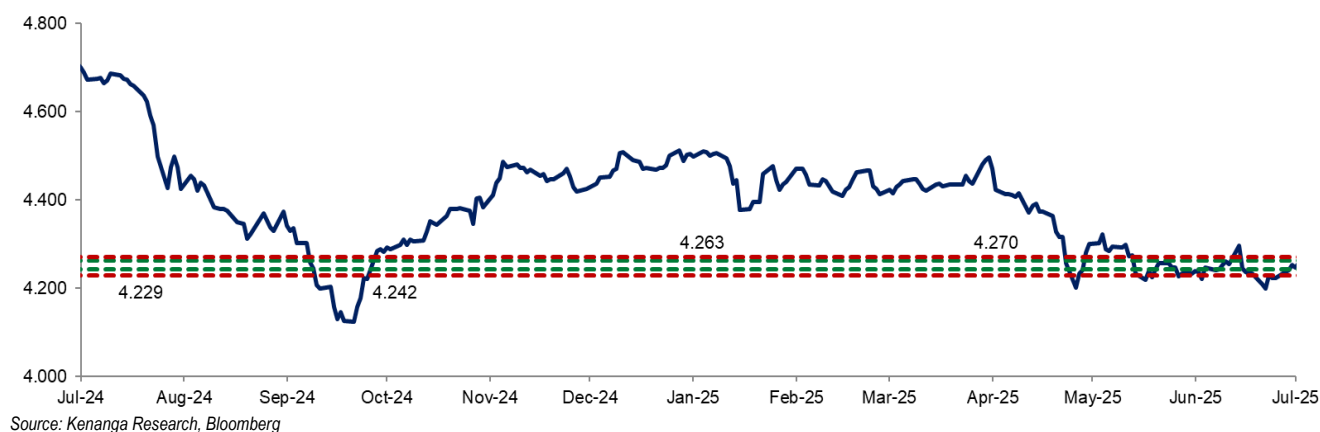
Measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

EMA (5): 5-day Exponential Moving Average

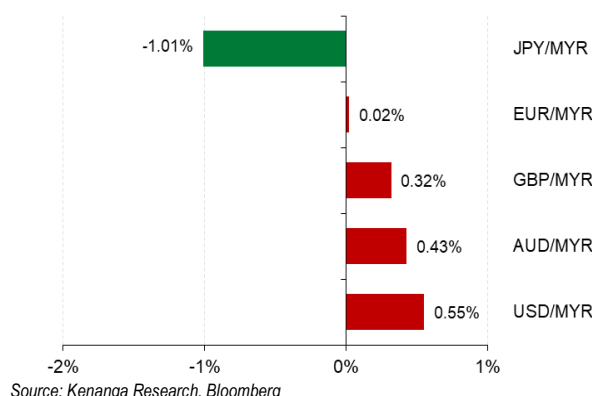
EMA gives more weight to the most recent periods, places more emphasis on what has been happening lately. Old data points retain a multiplier even if they are outside of the selected data series length.

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

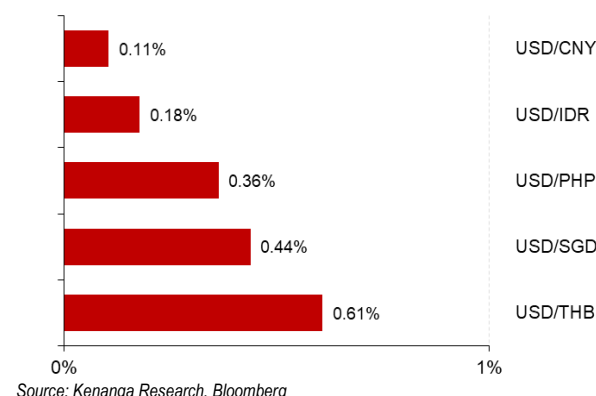
Graph 1: USDMYR Trend



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	10/07/24 Last Year	10/06/25 Last Month	03/07/25 Last Week	10/07/25 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
MYR									
USDMYR	4.479	4.700	4.239	4.223	4.246	-5.20%	-9.66%	0.16%	0.55%
AUDMYR	2.785	3.167	2.762	2.776	2.788	0.10%	-11.99%	0.91%	0.43%
GBPMYR	5.590	6.020	5.719	5.765	5.783	3.45%	-3.93%	1.12%	0.32%
EURMYR	4.636	5.084	4.840	4.979	4.981	7.43%	-2.04%	2.91%	0.02%
JPYMYR	2.850	2.910	2.932	2.935	2.906	1.95%	-0.13%	-0.88%	-1.01%
SGDMYR	3.288	3.483	3.296	3.317	3.320	0.97%	-4.69%	0.73%	0.08%
ASEAN 5 + CNY + JPY									
USIDR	16198	16241	16275	16195	16224	0.16%	-0.10%	-0.31%	0.18%
USDTHB	34.276	36.388	32.647	32.361	32.558	-5.01%	-10.53%	-0.27%	0.61%
USDSGD	1.365	1.350	1.286	1.273	1.279	-6.29%	-5.25%	-0.57%	0.44%
USDPHP	57.884	58.343	55.832	56.255	56.460	-2.46%	-3.23%	1.12%	0.36%
USDCNY	7.299	7.276	7.188	7.171	7.178	-1.66%	-1.35%	-0.13%	0.11%
USDJPY	157.140	161.540	144.610	143.850	144.660	-7.94%	-10.45%	0.03%	0.56%
USD									
EURUSD	1.032	1.082	1.142	1.179	1.173	13.68%	8.37%	2.66%	-0.55%
GBPUSD	1.245	1.281	1.351	1.366	1.360	9.26%	6.17%	0.69%	-0.45%
AUDUSD	0.621	0.674	0.651	0.657	0.657	5.73%	-2.60%	0.78%	-0.14%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
14/7/2025	CN	Balance of Trade (JUN)	USD103.22b	USD113.20b
15/7/2025	CN	GDP Growth Rate (Q2)	5.4% YoY	5.1% YoY
15/7/2025	US	Core Inflation (JUN)	0.1% MoM	0.3% MoM
16/7/2025	US	PPI (JUN)	0.1% MoM	0.2% MoM
17/7/2025	US	Retail Sales (JUN)	-0.9% MoM	0.2% MoM
18/7/2025	MY	Exports (JUN)	-1.1% YoY	N/A
18/7/2025	MY	GDP Growth Rate Preliminary (Q2)	4.4% YoY	4.5% YoY*
18/7/2025	US	Michigan Consumer Sentiment Preliminary (JUL)	60.7	61.4

Source: Kenanga Research, Trading Economics, Bloomberg

*KIBB

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