

22 Aug 2025

Ringgit Weekly Outlook

Fed signals and geopolitics to steer direction

Overview

- Performance:** As projected, the MYR held steady between 4.22–4.23/USD as the USD index stayed firm in the 98.2–98.6 range.
- Market Dynamics:** Despite the lack of clarity from last week's US–Russia meeting, markets remain hopeful of progress towards peace. Still, the absence of a concrete ceasefire roadmap at Trump's Ukraine summit tempered sentiment. Investors remain confident that the Fed will deliver two cuts this year, supporting demand for emerging-market assets. July's FOMC minutes failed to shift the USD narrative, while the US–EU trade deal reduced uncertainty.
- Data Impact:** Attention now turns to Fed chair Jerome Powell's keynote at Jackson Hole. Investors will parse his remarks for signals on the US economy and the likelihood of easing. Geopolitical risk lingers: if Ukraine–Russia negotiations falter, risk-off sentiment could weigh on assets. Next week's release of core PCE inflation will play a critical role in shaping expectations for a September cut.
- Outlook:** We think that Powell will likely avoid pre-committing to a September cut, risking market disappointment given the absence of convincing data and last week's surprise PPI spike. His tone on the labour market and the Fed's long-term stance will be more revealing. Core PCE will likely hold at 0.3% MoM, still uncomfortably high, leaving little case for imminent easing. The Fed will need further softness in labour data before moving. The ringgit will likely drift slightly weaker, around 4.23–4.24/USD.
- Technical:** USDMYR tracks its 5-day EMA at 4.23. Momentum tilts to the upside, with immediate resistance at 4.23 (R1) and support at 4.22 (S1).

Table 1: Currency Outlook

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

| | Short Term (Technical) | | | | | | Trend |
|--------|------------------------|---------|------|------|------|------|-------|
| | RSI (7) | EMA (5) | R1 | R2 | S1 | S2 | |
| USDMYR | 53.74 | 4.23 | 4.23 | 4.23 | 4.22 | 4.22 | — |

Signal for USD Trend = ▲ Bullish — Neutral ▼ Bearish

*F=Forecasts for end of period

Source: Kenanga Research, Bloomberg

RSI (7): 7-day Relative Strength Index

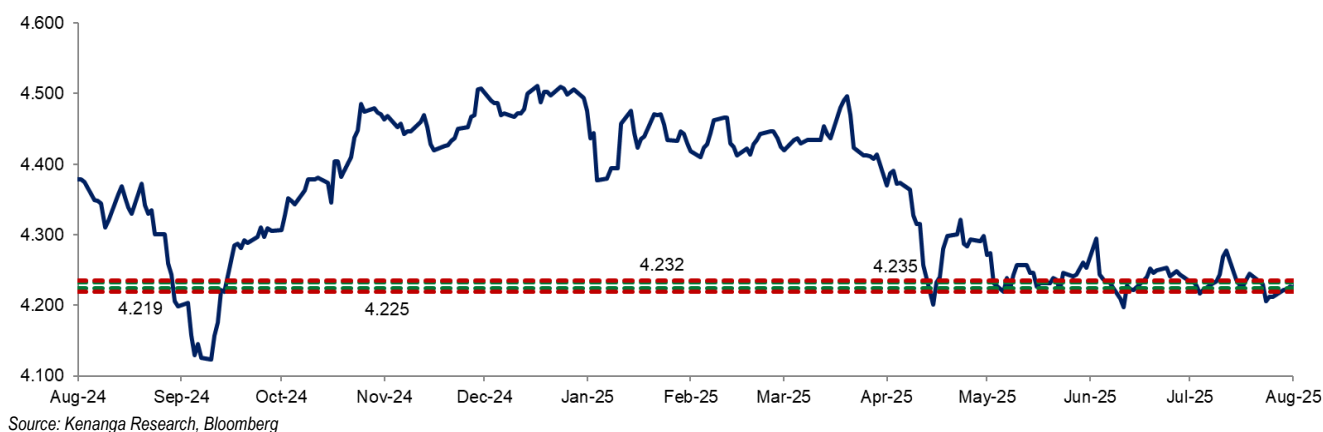
Measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

EMA (5): 5-day Exponential Moving Average

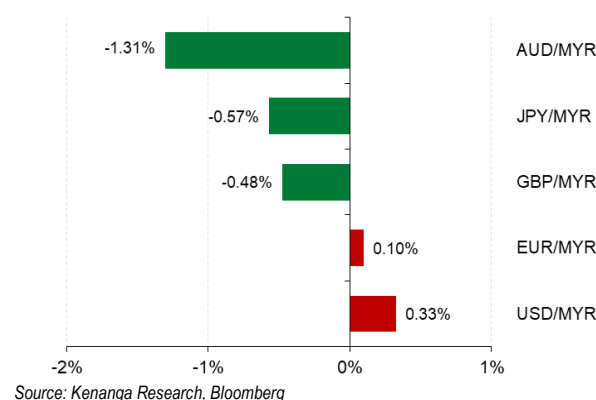
EMA gives more weight to the most recent periods, places more emphasis on what has been happening lately. Old data points retain a multiplier even if they are outside of the selected data series length.

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

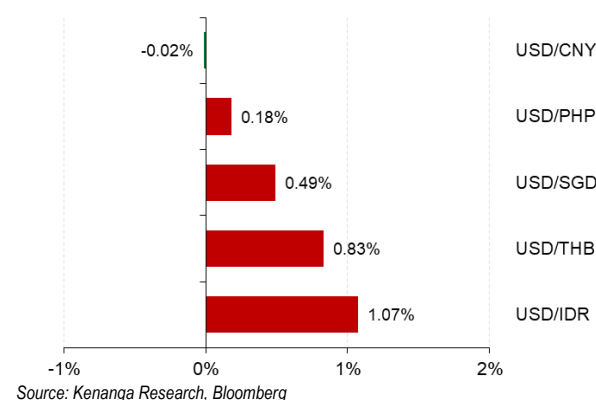
Graph 1: USDMYR Trend



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 | 21/08/24 Last Year | 21/07/25 Last Month | 14/08/25 Last Week | 21/08/25 Yesterday | ytd (%) | yoy (%) | mom (%) | wow (%) |
|---------------------|-----------------|-----------------------|------------------------|-----------------------|-----------------------|---------|---------|---------|---------|
| MYR | | | | | | | | | |
| USDMYR | 4.479 | 4.379 | 4.234 | 4.212 | 4.226 | -5.65% | -3.51% | -0.21% | 0.33% |
| AUDMYR | 2.785 | 2.950 | 2.758 | 2.750 | 2.714 | -2.54% | -8.02% | -1.58% | -1.31% |
| GBPMYR | 5.590 | 5.705 | 5.699 | 5.720 | 5.692 | 1.83% | -0.22% | -0.12% | -0.48% |
| EURMYR | 4.636 | 4.868 | 4.931 | 4.920 | 4.925 | 6.23% | 1.16% | -0.12% | 0.10% |
| JPYMYR | 2.850 | 2.995 | 2.866 | 2.874 | 2.858 | 0.28% | -4.58% | -0.26% | -0.57% |
| SGDMYR | 3.288 | 3.349 | 3.301 | 3.287 | 3.284 | -0.12% | -1.94% | -0.51% | -0.10% |
| ASEAN 5 + CNY + JPY | | | | | | | | | |
| USIDR | 16198 | 15500 | 16323 | 16115 | 16288 | 0.56% | 5.08% | -0.21% | 1.07% |
| USDTHB | 34.276 | 34.27 | 32.357 | 32.377 | 32.646 | -4.76% | -4.74% | 0.89% | 0.83% |
| USDSGD | 1.365 | 1.307 | 1.283 | 1.281 | 1.287 | -5.70% | -1.52% | 0.34% | 0.49% |
| USDPHP | 57.884 | 56.507 | 57.162 | 56.925 | 57.028 | -1.48% | 0.92% | -0.23% | 0.18% |
| USDCNY | 7.299 | 7.131 | 7.170 | 7.182 | 7.181 | -1.63% | 0.69% | 0.15% | -0.02% |
| USDJPY | 157.140 | 146.180 | 147.760 | 146.530 | 147.850 | -5.91% | 1.14% | 0.06% | 0.90% |
| USD | | | | | | | | | |
| EURUSD | 1.032 | 1.113 | 1.165 | 1.170 | 1.165 | 12.91% | 4.71% | 0.03% | -0.39% |
| GBPUSD | 1.245 | 1.304 | 1.346 | 1.358 | 1.347 | 8.24% | 3.31% | 0.11% | -0.80% |
| AUDUSD | 0.621 | 0.674 | 0.651 | 0.653 | 0.643 | 3.54% | -4.64% | -1.29% | -1.50% |

Source: Kenanga Research, Bloomberg

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

| Date | Country | Indicator | Previous | Consensus/Forecast |
|-----------|---------|---|-----------|--------------------|
| 25/8/2025 | MY | New Home Sales (JUL) | 0.627m | 0.630m |
| 26/8/2025 | US | Durable Goods Orders (JUL) | -9.3% MoM | -4.0% MoM |
| 28/8/2025 | US | GDP Growth Rate 2 nd Estimate (Q2) | -0.5% QoQ | 3.1% QoQ |
| 28/8/2025 | US | Initial Jobless Claims (AUG/23) | 235.0k | N/A |
| 28/8/2025 | US | Pending Home Sales (JUL) | -0.8% MoM | 0.2% MoM |
| 29/8/2025 | US | Core PCE Price Index (JUL) | 0.3% MoM | 0.3% MoM |
| 29/8/2025 | US | Personal Income (JUL) | 0.3% MoM | 0.5% MoM |
| 29/8/2025 | US | Personal Spending (JUL) | 0.3% MoM | 0.5% MoM |

Source: Kenanga Research, Trading Economics, Bloomberg

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