

29 Aug 2025

# Ringgit Weekly Outlook

Eyes 4.20/USD as Fed cuts loom, Trump rattles greenback confidence

## Overview

- Performance:** The ringgit traded between 4.21-4.24/USD this week, lifted early on by rising expectations of Fed rate cuts after Powell's dovish tilt last Friday.
- Market Dynamics:** Political uncertainty in France and the US stirred volatility across markets. The USD briefly weakened after Trump moved to oust Governor Cook from the Fed board, while the EUR fell on French political turmoil. However, the greenback regained ground after consumer confidence and durable goods orders beat expectations. In emerging markets, the PBoC's lower yuan fixing supported sentiment and drew capital inflows.
- Data Impact:** The USD gained on an upward revision to US 2Q25 GDP, though dovish remarks by Fed Governor Waller boosted market hopes for a September rate cut. Market focus now shifts to tonight's core PCE release (consensus: 0.3% MoM), which is still uncomfortably high for a cut. Next week's jobs data may prove more pivotal, with NFP expected at around 70.0k and unemployment rising to 4.3%.
- Outlook:** Trump's continued attacks on the Fed risk undermining its independence and are likely to keep USD sentiment fragile until Powell's departure next year. We see downside risk to next week's NFP, potentially coming below consensus, which could further weigh on the greenback. That said, tonight's core PCE must not surprise on the upside. We expect the ringgit to test 4.20/USD next week, with BNM likely to keep rates steady on Sep 4.
- Technical:** USDMYR is tracking near its 5-day EMA at 4.22. Momentum remains range-bound, with R1 at 4.23 and S1 at 4.20. Upcoming US macro data will likely drive the next breakout.

Table 1: Currency Outlook

Long Term*						
	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)						
	RSI (7)	EMA (5)	R1	R2	S1	S2
USDMYR	39.42	4.22	4.23	4.24	4.20	4.19
						—

Signal for USD Trend = ▲ Bullish    — Neutral    ▼ Bearish

\*F=Forecasts for end of period

Source: Kenanga Research, Bloomberg

RSI (7): 7-day Relative Strength Index

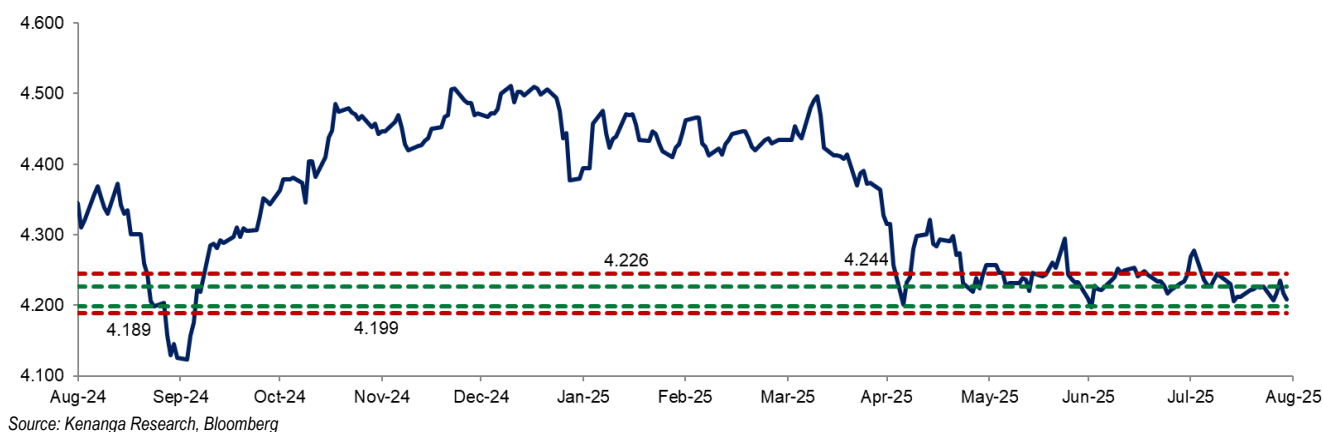
Measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

EMA (5): 5-day Exponential Moving Average

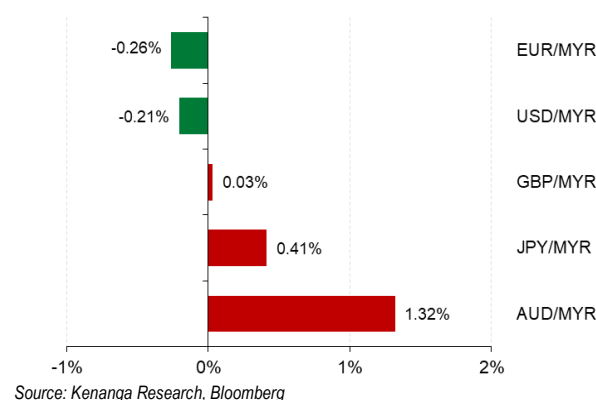
EMA gives more weight to the most recent periods, places more emphasis on what has been happening lately. Old data points retain a multiplier even if they are outside of the selected data series length.

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

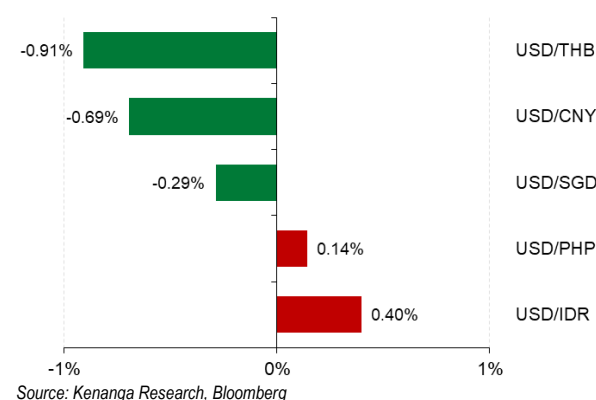
Graph 1: USDMYR Trend



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	28/08/24 Last Year	28/07/25 Last Month	21/08/25 Last Week	28/08/25 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
MYR									
USDMYR	4.479	4.344	4.231	4.226	4.217	-5.84%	-2.93%	-0.34%	-0.21%
AUDMYR	2.785	2.951	2.761	2.714	2.750	-1.25%	-6.83%	-0.41%	1.32%
GBPMYR	5.590	5.745	5.676	5.692	5.694	1.86%	-0.89%	0.32%	0.03%
EURMYR	4.636	4.838	4.937	4.925	4.912	5.95%	1.54%	-0.49%	-0.26%
JPYMYR	2.850	3.009	2.851	2.858	2.870	0.69%	-4.62%	0.67%	0.41%
SGDMYR	3.288	3.335	3.294	3.284	3.283	-0.14%	-1.55%	-0.34%	-0.02%
ASEAN 5 + CNY + JPY									
USIDR	16198	15422	16364	16288	16353	0.96%	6.04%	-0.07%	0.40%
USDTHB	34.276	34.011	32.389	32.646	32.349	-5.62%	-4.89%	-0.12%	-0.91%
USDSGD	1.365	1.304	1.285	1.287	1.283	-5.97%	-1.56%	-0.11%	-0.29%
USDPHP	57.884	56.236	57.178	57.028	57.110	-1.34%	1.55%	-0.12%	0.14%
USDCNY	7.299	7.128	7.179	7.181	7.131	-2.31%	0.04%	-0.67%	-0.69%
USDJPY	157.140	144.410	148.410	147.850	146.930	-6.50%	1.75%	-1.00%	-0.62%
USD									
EURUSD	1.032	1.113	1.166	1.165	1.167	13.13%	4.92%	0.12%	0.20%
GBPUSD	1.245	1.322	1.342	1.347	1.352	8.63%	2.29%	0.76%	0.36%
AUDUSD	0.621	0.679	0.653	0.643	0.653	5.14%	-3.82%	0.03%	1.54%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
1/9/2025	CN	Caixin Manufacturing PMI (AUG)	49.5	49.8
2/9/2025	MY	S&P Global Manufacturing PMI (AUG)	49.7	N/A
2/9/2025	US	ISM Manufacturing PMI (AUG)	48.0	48.8
3/9/2025	US	JOLTs Job Openings (JUL)	7.437m	N/A
4/9/2025	MY	BNM Interest Rate Decision	2.75%	2.75%* (status quo)
4/9/2025	US	ADP Employment Change (AUG)	104.0k	60.0k
5/9/2025	US	Non Farm Payrolls (AUG)	73.0k	78.0k
5/9/2025	US	Unemployment Rate (AUG)	4.2%	4.3%

Source: Kenanga Research, Trading Economics, Bloomberg

\*KIBB

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