

19 Sep 2025

# Ringgit Weekly Outlook

Fed's cut and dovish pivot anchors USDMYR below 4.20

## Overview

- Performance:** As projected in our [previous note](#), the ringgit strengthened ahead of the FOMC, touching 4.19/USD.
- Market Dynamics:** Domestic trading was muted in the holiday-shortened week, but the ringgit extended its gains from 4.20/USD on Friday to 4.19/USD by Wednesday. The driver was a weaker dollar: the DXY slipped below 97.0 on Tuesday as investors positioned ahead of the Fed's rate cut. The dollar fell further after the 25 bps cut and a dot plot signalling two more cuts this year. Yet it quickly rebounded after Powell's press conference, where he left open the impact of tariffs on prices and stressed lingering inflation risks. His description of the move as a "risk-management cut" may also have tempered the dovish signal from the dot plot.
- Data Impact:** Markets will keep hunting for signs of softer labour data to validate expectations of further easing. Next week, the focus will be on Friday's core PCE, with consensus at 0.2% MoM or 2.9% YoY. A higher print could blunt hopes of near-term cuts. Housing data will also be watched for signs of weakness, which could shape expectations on the pace of easing.
- Outlook:** Despite the DXY rebound, we see the Fed's pivot as negative for the USD. The FOMC has shifted decisively dovish, with multiple cuts in play. As argued in our [FOMC note](#) yesterday, we still expect two more 25 bps cuts this year, adding pressure to an already weak USD. Our year-end 2025 forecast of 4.08/USD stands, contingent on stable domestic conditions. In the near term, the ringgit should trade between 4.15 - 4.20 against the USD.
- Technical:** USDMYR trades near its 5-day EMA at 4.20. Momentum remains range-bound, with R1 at 4.21 and S1 at 4.19.

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	47.14	4.20	4.21	4.22	4.19	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

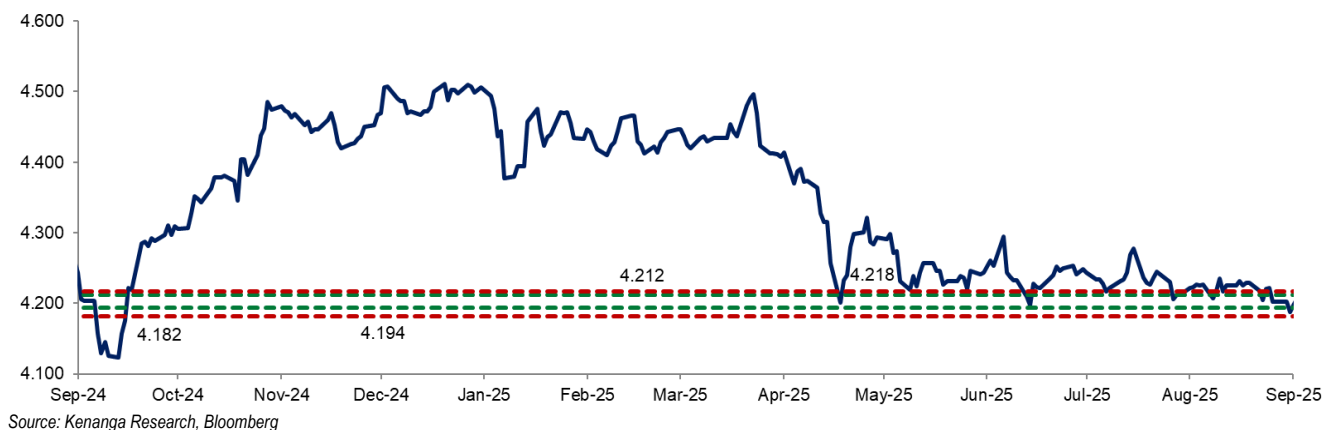
Measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

EMA (5): 5-day Exponential Moving Average

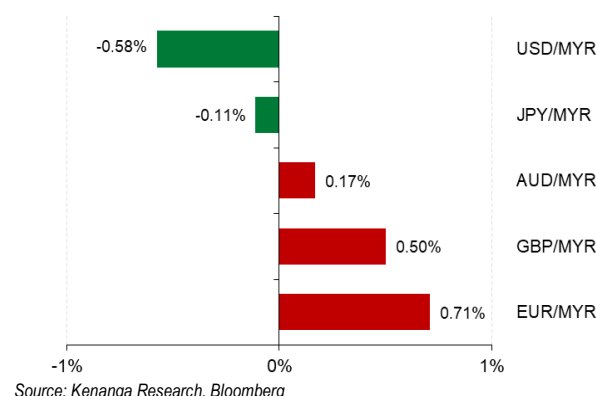
EMA gives more weight to the most recent periods, places more emphasis on what has been happening lately. Old data points retain a multiplier even if they are outside of the selected data series length.

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

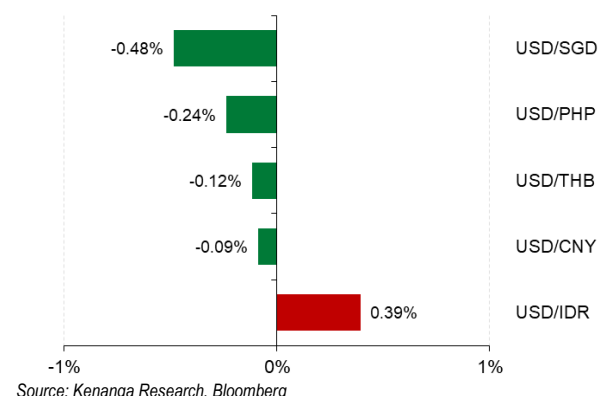
Graph 1: USDMYR Trend



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	18/09/24 Last Year	18/08/25 Last Month	11/09/25 Last Week	18/09/25 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
MYR									
USDMYR	4.479	4.244	4.222	4.221	4.197	-6.29%	-1.10%	-0.59%	-0.58%
AUDMYR	2.785	2.879	2.750	2.787	2.792	0.27%	-3.02%	1.53%	0.17%
GBPMYR	5.590	5.612	5.717	5.698	5.727	2.45%	2.05%	0.16%	0.50%
EURMYR	4.636	4.726	4.932	4.934	4.969	7.17%	5.13%	0.75%	0.71%
JPYMYR	2.850	2.997	2.864	2.853	2.850	0.00%	-4.89%	-0.49%	-0.11%
SGDMYR	3.288	3.281	3.292	3.286	3.282	-0.18%	0.03%	-0.30%	-0.12%
ASEAN 5 + CNY + JPY									
USIDR	16198	15335	16198	16462	16527	2.03%	7.77%	2.03%	0.39%
USDTHB	34.276	33.259	32.456	31.85	31.813	-7.19%	-4.35%	-1.98%	-0.12%
USDSGD	1.365	1.293	1.283	1.285	1.279	-6.29%	-1.13%	-0.29%	-0.48%
USDPHP	57.884	55.732	56.996	57.191	57.056	-1.43%	2.38%	0.11%	-0.24%
USDCNY	7.299	7.081	7.185	7.119	7.113	-2.56%	0.44%	-1.01%	-0.09%
USDJPY	157.140	141.610	147.430	147.970	147.260	-6.29%	3.99%	-0.12%	-0.48%
USD									
EURUSD	1.032	1.113	1.168	1.168	1.184	14.73%	6.35%	1.34%	1.32%
GBPUSD	1.245	1.321	1.354	1.352	1.365	9.66%	3.32%	0.83%	1.00%
AUDUSD	0.621	0.679	0.651	0.661	0.666	7.18%	-1.93%	2.21%	0.74%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
23/9/2025	MY	Inflation Rate (AUG)	1.2% YoY	1.3% YoY*
23/9/2025	US	S&P Global Services PMI Flash	54.5	N/A
24/9/2025	US	New Home Sales (AUG)	0.652m	0.653m
25/9/2025	US	Durable Goods Orders (AUG)	-2.8% MoM	-0.5% MoM
25/9/2025	US	GDP Growth Rate Final (Q2)	-0.5% QoQ	3.3% QoQ
25/9/2025	US	Initial Jobless Claims (SEP/20)	231.0k	N/A
25/9/2025	US	Existing Home Sales (AUG)	4.01m	3.98m
26/9/2025	US	Core PCE Price Index (AUG)	0.3% MoM	0.2% MoM

Source: Kenanga Research, Trading Economics, Bloomberg

\*KIBB

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