

03 Oct 2025

Ringgit Weekly Outlook

Broad USD weakness and budget optimism to keep USDMYR near 4.20

Overview

- **Performance:** The ringgit failed to deliver the gains we anticipated, as the USD index (DXY) held firm near the 98.0 mark. USDMYR traded in a narrow 4.21–4.22 range over the week.
- **Market Dynamics:** Robust US data last week lifted the DXY, aided by a positioning squeeze. Although fears of a government shutdown initially weighed on the USD, its eventual occurrence barely moved the currency; investors instead turned more cautious and selective. Softer oil prices pressured the USD and boosted the JPY's appeal as an alternative. With non-farm payrolls cancelled, the weak ADP report triggered further dovish repricing, pushing the USD lower.
- **Data Impact:** This week was supposed to centre on US labour data, particularly non-farm payrolls and the unemployment rate. The shutdown means no releases are likely in the coming days. Trump's threat of mass firings during the shutdown adds to risks in an already fragile jobs market, especially as the Fed has clearly shifted towards seeing weak employment as a greater risk than sticky inflation. Attention will now turn to Malaysia's domestic releases on Friday (IPI, labour and retail sales) as well as the tabling of Budget 2026.
- **Outlook:** We expect the shutdown to last at least a week, leaving the USD vulnerable. Past shutdowns triggered bullish steepening in the US yield curve and a weaker USD. Even so, in the absence of strong directional catalysts besides the FOMC minutes, investors may stay selective rather than broadly selling the greenback. A softer USD, combined with optimism around Malaysia's budget, should support the ringgit and anchor USDMYR below the 4.20 threshold next week.
- **Technical:** USDMYR hovers close to its 5-day EMA at 4.21. Trading momentum shows little conviction, with R1 at 4.22 and S1 at 4.21.

Table 1: Currency Outlook

Long Term*							
	Q3-25	Q4-25F	Q1-26F	Q2-26F	Q3-26F	Q4-26F	Trend
USDMYR	4.21	4.08	4.05	4.02	3.99	3.95	▼

Short Term (Technical)							
	RSI (7)	EMA (5)	R1	R2	S1	S2	Trend
USDMYR	53.73	4.21	4.22	4.22	4.21	4.20	—

Signal for USD Trend = ▲ Bullish — Neutral ▼ Bearish

*F=Forecasts for end of period

Source: Kenanga Research, Bloomberg

RSI (7): 7-day Relative Strength Index

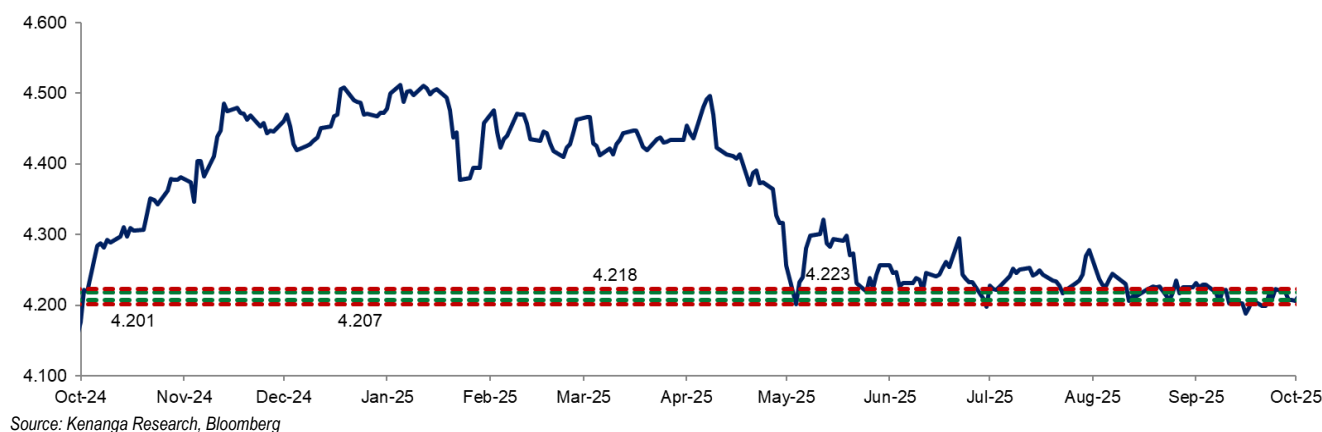
Measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

EMA (5): 5-day Exponential Moving Average

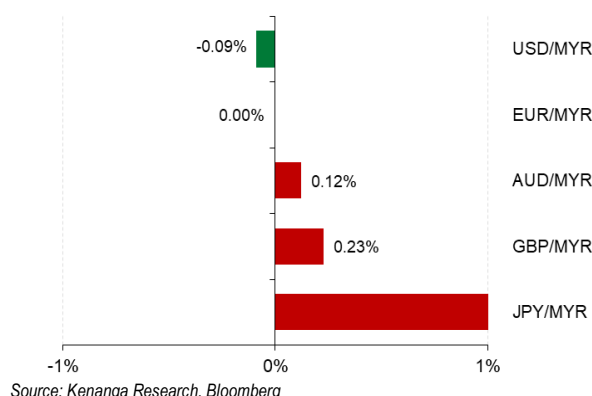
EMA gives more weight to the most recent periods, places more emphasis on what has been happening lately. Old data points retain a multiplier even if they are outside of the selected data series length.

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

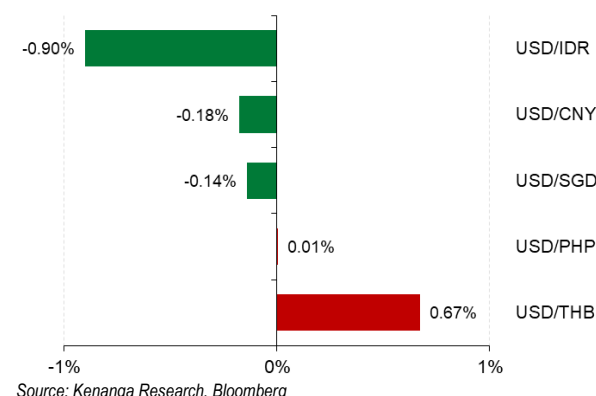
Graph 1: USDMYR Trend



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	02/10/24 Last Year	02/09/25 Last Month	25/09/25 Last Week	02/10/25 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
MYR									
USDMYR	4.479	4.176	4.231	4.210	4.207	-6.07%	0.73%	-0.58%	-0.09%
AUDMYR	2.785	2.879	2.754	2.779	2.783	-0.07%	-3.36%	1.03%	0.12%
GBPMYR	5.590	5.551	5.668	5.665	5.678	1.58%	2.30%	0.17%	0.23%
EURMYR	4.636	4.623	4.924	4.945	4.945	6.66%	6.95%	0.42%	0.00%
JPYMYR	2.850	2.884	2.847	2.830	2.869	0.65%	-0.55%	0.74%	1.37%
SGDMYR	3.288	3.241	3.284	3.268	3.269	-0.57%	0.87%	-0.46%	0.03%
ASEAN 5 + CNY + JPY									
USIDR	16198	15268	16414	16749	16598	2.47%	8.71%	1.12%	-0.90%
USDTHB	34.276	32.78	32.395	32.141	32.357	-5.60%	-1.29%	-0.12%	0.67%
USDSGD	1.365	1.289	1.289	1.289	1.287	-5.71%	-0.16%	-0.13%	-0.14%
USDPHP	57.884	56.167	57.509	58.102	58.105	0.38%	3.45%	1.04%	0.01%
USDCNY	7.299	7.019	7.138	7.134	7.121	-2.44%	1.46%	-0.24%	-0.18%
USDJPY	157.140	144.790	148.600	148.800	146.640	-6.68%	1.28%	-1.32%	-1.45%
USD									
EURUSD	1.032	1.107	1.163	1.175	1.175	13.91%	6.19%	1.03%	0.04%
GBPUSD	1.245	1.328	1.338	1.345	1.348	8.30%	1.52%	0.75%	0.25%
AUDUSD	0.621	0.690	0.651	0.659	0.661	6.52%	-4.16%	1.58%	0.36%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
7/10/2025	US	Balance of Trade (AUG)	-USD78.3b	-USD61.4b
9/10/2025	US	FOMC Minutes	N/A	N/A
9/10/2025	US	Fed Chair Powell Speech	N/A	N/A
9/10/2025	US	Initial Jobless Claims (OCT/04)	N/A	N/A
10/10/2025	MY	Industrial Production (AUG)	4.2%	N/A
10/10/2025	MY	Retail Sales (AUG)	5.6%	N/A
10/10/2025	MY	Unemployment Rate (AUG)	3.0%	N/A
10/10/2025	US	Michigan Consumer Sentiment Preliminary (OCT)	55.1	54.3

Source: Kenanga Research, Trading Economics, Bloomberg

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