# 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

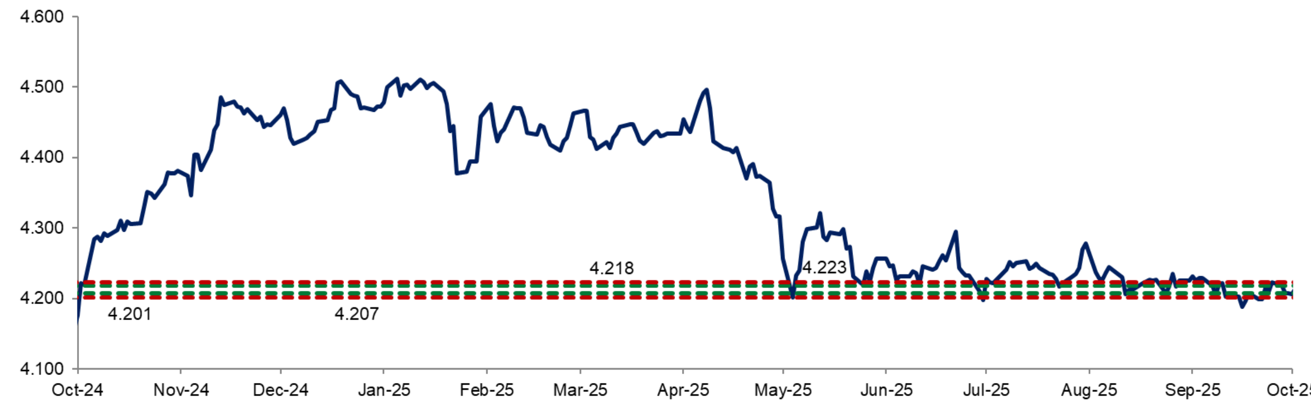
*Measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.*

*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.*

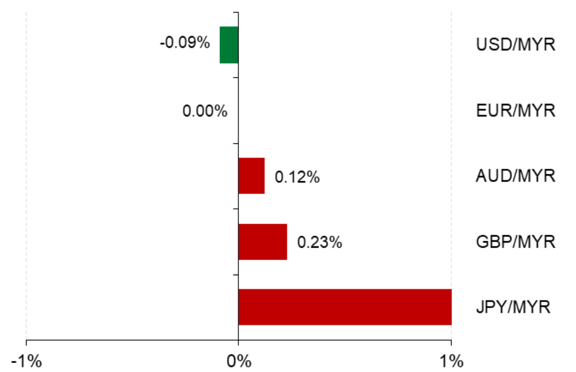
$$EMA = (P \times \alpha) + [Previous\ EMA \times (1 - \alpha)]$$

### Graph 1: USDMYR Trend



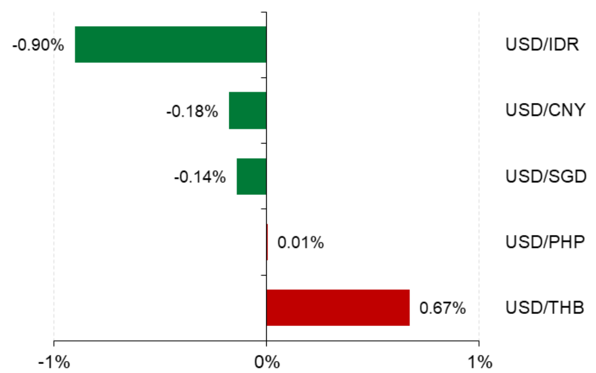

*Source: Kenanga Research, Bloomberg*

### Graph 2: Weekly Core Pairs' Performance




*Source: Kenanga Research, Bloomberg*

### Graph 3: Weekly Regional Peers' Performance




*Source: Kenanga Research, Bloomberg*

## 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 | | | | | | | | | |
| USDIDR | 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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