Ringgit Weekly Outlook

Choppy week ahead: US data delays and global geopolitics keep 4.22/USD in focus

Overview

- **Performance:** The ringgit traded weaker within a narrow 4.21-4.22/USD range this week, despite the US government shutdown. The greenback gained ground as both the EUR and JPY softened.
- **Market Dynamics:** With limited US data, investors turned their focus abroad. In Japan, markets reacted negatively to Sanae Takaichi's election as prime minister over Shinjiro Koizumi. The yen weakened and the JGB curve steepened as traders scaled back expectations of a BoJ rate hike. In France, PM Sébastien Lecornu's resignation briefly unsettled markets, though reports that President Macron may soon appoint a successor helped steady the EUR. The latest FOMC minutes offered little new insight. The Fed remained cautiously upbeat on growth while mindful of labour-market softness.
- **Data Impact:** Polymarket odds indicate a 95.0% probability that the US shutdown will extend at least until October 15, suggesting delayed inflation data and a greater uncertainty for the Fed's October policy decision. In the absence of key US data, markets may trade on geopolitical headlines, particularly developments toward a phase-one peace deal between Israel and Hamas. Domestically, if Budget 2026 fails to lift sentiment, the ringgit may stay subdued ahead of the advance 3Q25 GDP release next week.
- **Outlook:** Fed Governor Michael Barr called for caution on further rate cuts, though we still expect the Fed to ease policy this month. The release of post-shutdown data, especially labour figures, will be critical in shaping market expectations. Japan's policy direction and France's political developments landscape are also likely to influence sentiment. The ringgit is expected to trade around 4.22/USD.
- **Technical:** USDMYR trades near its 5-day EMA at 4.22, with momentum edging overbought, with R1 at 4.23 and S1 at 4.22.

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	66.16	4.22	4.23	4.23	4.22	4.21	—

Signal for USD Trend = ▲ Bullish — Neutral ▼ Bearish

**F=Forecasts for end of period*

Source: Kenanga Research, Bloomberg

RSI (7): 7-day Relative Strength Index

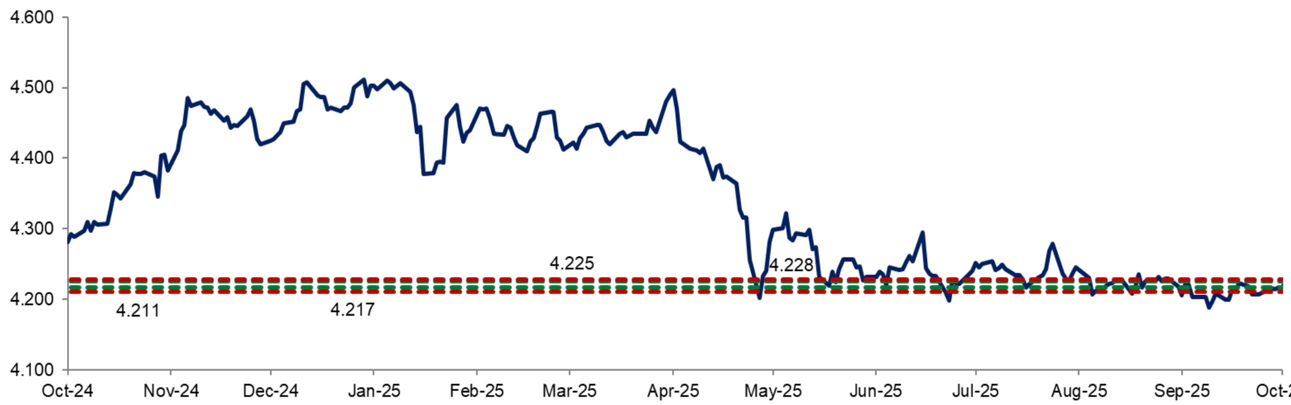
Measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

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.

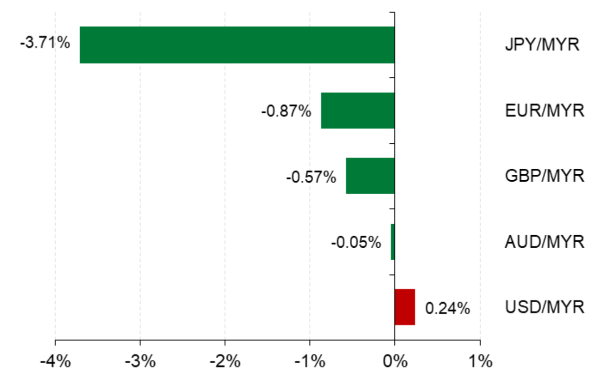
$$EMA = (P \times \alpha) + [Previous\ EMA\ \times (1 - \alpha)]$$

Graph 1: USDMYR Trend



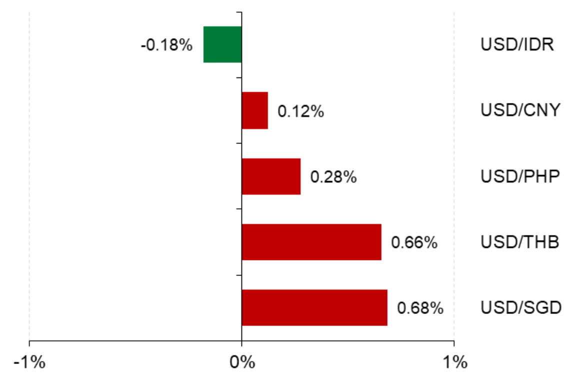
Source: Kenanga Research, Bloomberg

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	09/10/24 Last Year	09/09/25 Last Month	02/10/25 Last Week	09/10/25 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
MYR									
USDMYR	4.479	4.282	4.205	4.207	4.217	-5.85%	-1.52%	0.27%	0.24%
AUDMYR	2.785	2.885	2.783	2.783	2.781	-0.11%	-3.58%	-0.06%	-0.05%
GBPMYR	5.590	5.603	5.714	5.678	5.646	0.99%	0.75%	-1.20%	-0.57%
EURMYR	4.636	4.695	4.949	4.945	4.902	5.73%	4.40%	-0.94%	-0.87%
JPYMYR	2.850	2.881	2.871	2.869	2.762	-3.08%	-4.13%	-3.79%	-3.71%
SGDMYR	3.288	3.284	3.285	3.269	3.255	-0.99%	-0.87%	-0.91%	-0.42%
ASEAN 5 + CNY + JPY									
USDIDR	16198	15630	16482	16598	16568	2.28%	6.00%	0.52%	-0.18%
USDTHB	34.276	33.44	31.665	32.357	32.570	-4.98%	-2.60%	2.86%	0.66%
USDSGD	1.365	1.304	1.281	1.287	1.296	-5.06%	-0.67%	1.18%	0.68%
USDPHP	57.884	57.011	56.994	58.105	58.265	0.66%	2.20%	2.23%	0.28%
USDCNY	7.299	7.081	7.124	7.121	7.130	-2.32%	0.69%	0.09%	0.12%
USDJPY	157.140	148.600	146.470	146.640	152.660	-2.85%	2.73%	4.23%	4.11%
USD									
EURUSD	1.032	1.097	1.175	1.175	1.162	12.62%	5.95%	-1.15%	-1.13%
GBPUSD	1.245	1.309	1.358	1.348	1.337	7.42%	2.12%	-1.52%	-0.82%
AUDUSD	0.621	0.673	0.662	0.661	0.660	6.23%	-2.05%	-0.29%	-0.27%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
13/10/2025	CN	Balance of Trade (SEP)	USD102.33b	USD98.96b
15/10/2025	CN	Inflation Rate (SEP)	-0.4% YoY	-0.2% YoY
15/10/2025	EA	Industrial Production (AUG)	0.3% MoM	N/A
15/10/2025	US	Core Inflation Rate (SEP)	0.3% MoM	0.3% MoM
16/10/2025	UK	GDP (AUG)	0.0% MoM	0.1% MoM
16/10/2025	US	PPI (SEP)	-0.1% MoM	0.3% MoM
16/10/2025	US	Retail Sales (SEP)	0.6% MoM	0.4% MoM
17/10/2025	MY	GDP Growth Rate Preliminary (Q3)	4.4% YoY	4.3% YoY*

Source: Kenanga Research, Trading Economics, Bloomberg

**KIBB*

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