

17 Oct 2025

Ringgit Weekly Outlook

Trade tensions and Fed rate-cut bets to steer direction next week

Overview

- Performance:** While the MYR weakened this week, hovering around 4.23/USD, most ASEAN-5 peers strengthened against the USD.
- Market Dynamics:** Markets stayed volatile even without key US data, as US-China tensions dominated sentiment. Global equities swung between gains and losses amid mixed trade signals and new port fees that unsettled investors. The USD slipped as risk aversion drove demand for alternative safe havens. Growing conviction of further Fed cuts added pressure, with Powell noting labour market softness and other policymakers signalling 25–50 bps of easing in October. The EUR gained support from improving French political stability. Despite a softer USD, the ringgit underperformed the lack of domestic catalysts, with Budget 2026 providing little market lift.
- Data Impact:** While the US-China spat is unlikely to spiral into a full-blown trade war, rising tensions could fuel headline-driven volatility, especially across cyclical and EM FX. The Bureau of Labor Statistics confirmed that CPI data will be released next week, with consensus expecting a 0.3% MoM rise. Focus will also turn to China's 3Q25 GDP release and political developments in France and Japan.
- Outlook:** We expect Washington and Beijing to extend the tariff truce beyond November 1. Markets will also monitor China's tightening export controls on rare earths. The betting markets now expect the shutdown to continue beyond October and into the FOMC meeting. Once data flow normalises, signs of labour market deterioration could push the DXY back toward 97.0, supporting the ringgit. As long as expectations of Fed rate cuts remain, the ringgit is likely to appreciate towards the 4.20/USD level in the near term.
- Technical:** USDMYR holds around its 5-day EMA at 4.23, hemmed in by overbought momentum and tight 4.22-4.23 bounds.

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	64.82	4.23	4.23	4.23	4.23	4.22	—

Signal for USD Trend = ▲ Bullish — Neutral ▼ Bearish

*F=Forecasts for end of period

Source: Kenanga Research, Bloomberg

RSI (7): 7-day Relative Strength Index

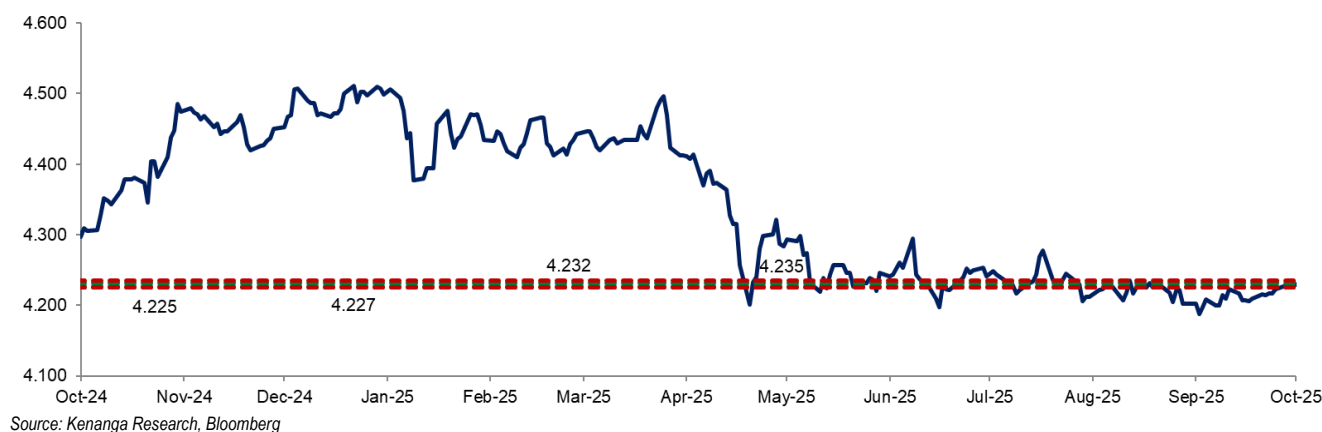
Measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

EMA (5): 5-day Exponential Moving Average

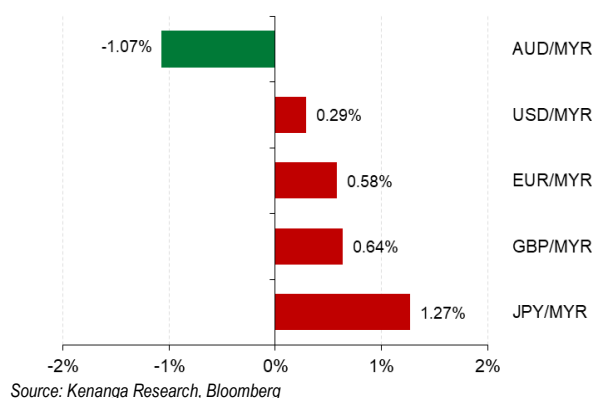
EMA gives more weight to the most recent periods, places more emphasis on what has been happening lately. Old data points retain a multiplier even if they are outside of the selected data series length.

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

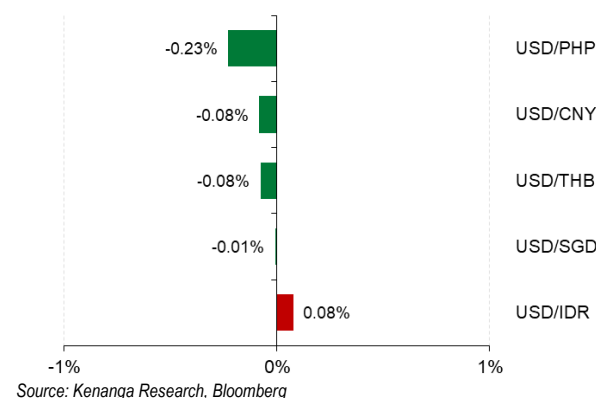
Graph 1: USDMYR Trend



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	16/10/24 Last Year	16/09/25 Last Month	09/10/25 Last Week	16/10/25 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
MYR									
USDMYR	4.479	4.297	4.203	4.217	4.229	-5.58%	-1.59%	0.62%	0.29%
AUDMYR	2.785	2.874	2.802	2.781	2.752	-1.19%	-4.25%	-1.81%	-1.07%
GBPMYR	5.590	5.593	5.734	5.646	5.682	1.64%	1.58%	-0.91%	0.64%
EURMYR	4.636	4.681	4.965	4.902	4.930	6.35%	5.32%	-0.70%	0.58%
JPYMYR	2.850	2.877	2.858	2.762	2.797	-1.85%	-2.76%	-2.12%	1.27%
SGDMYR	3.288	3.282	3.290	3.255	3.264	-0.71%	-0.54%	-0.77%	0.29%
ASEAN 5 + CNY + JPY									
USDIDR	16198	15510	16440	16568	16581	2.36%	6.91%	0.86%	0.08%
USDTHB	34.276	33.181	31.72	32.57	32.545	-5.05%	-1.92%	2.60%	-0.08%
USDSGD	1.365	1.310	1.278	1.296	1.296	-5.07%	-1.09%	1.35%	-0.01%
USDPHP	57.884	57.78	56.915	58.265	58.132	0.43%	0.61%	2.14%	-0.23%
USDCNY	7.299	7.120	7.114	7.130	7.124	-2.40%	0.06%	0.14%	-0.08%
USDJPY	157.140	149.380	147.060	152.660	151.180	-3.79%	1.20%	2.80%	-0.97%
USD									
EURUSD	1.032	1.089	1.181	1.162	1.166	12.97%	7.02%	-1.30%	0.31%
GBPUSD	1.245	1.302	1.363	1.337	1.343	7.93%	3.22%	-1.42%	0.48%
AUDUSD	0.621	0.668	0.667	0.660	0.651	4.82%	-2.59%	-2.37%	-1.33%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
20/10/2025	CN	Loan Prime Rate (1Y)	3.00%	3.00% (status quo)
20/10/2025	CN	GDP Growth Rate (3Q)	5.2% YoY	4.7% YoY
22/10/2025	JP	Exports (SEP)	-0.1% YoY	4.2% YoY
22/10/2025	MY	Inflation Rate (SEP)	1.3% YoY	1.5% YoY*
22/10/2025	UK	Inflation Rate (SEP)	3.8% YoY	N/A
24/10/2025	JP	Inflation Rate (SEP)	2.7% YoY	2.8% YoY
24/10/2025	UK	Retail Sales (SEP)	0.5% MoM	N/A
24/10/2025	US	Core Inflation Rate (SEP)	0.3% MoM	0.3% MoM

Source: Kenanga Research, Trading Economics, Bloomberg

*KIBB

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