Ringgit Weekly Outlook

Eyeing 4.20/USD as Fed cut looms, US–China talks in focus

Overview

- **Performance:** While other ASEAN-5 currencies weakened against the USD this week, the ringgit held steady around 4.23/USD.
- **Market Dynamics:** The USD's initial weakness, triggered by renewed worries over US regional banks and credit quality, faded as hawkish repricing along the Fed curve reversed losses. It also gained support from the EUR's drop after S&P downgraded France's sovereign rating to A+ from AA–, and from the JPY's weakness following safe-haven unwinding and the appointment of Sanae Takaichi as Japan's new prime minister. A slump in precious metals and fresh US sanctions on Russia further supported the USD. Despite this, the ringgit held firm, supported by optimism after MY's stronger-than-expected advance 3Q25 GDP print last week.
- **Data Impact:** The BLS will release September CPI tonight. We expect core CPI to rise 0.3% MoM, in line with consensus, enough to confirm a 25 bps Fed cut next week. A hotter print may briefly lift the USD but is unlikely to derail Fed easing as labour data now drive policy. Next week's BoJ and ECB meetings will be key. The ECB is likely a non-event, but the BoJ could surprise. While we think the new prime minister's appointment argues for a delay until December, persistent yen weakness may still force a move. US–China trade talks could also lift sentiment toward EM assets, including the ringgit.
- **Outlook:** We see room for ringgit appreciation next week as the Fed is expected to cut by 25 bps. If the BoJ delivers another hike, the USD could weaken further. The ongoing US government shutdown adds volatility and clouds economic visibility, particularly for labour trends. We expect the MYR to edge toward 4.20/USD near term.
- **Technical:** USDMYR remains near its 5-day EMA at 4.23 with neutral bias and tight 4.22–4.23 range.

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	46.25	4.23	4.23	4.23	4.22	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

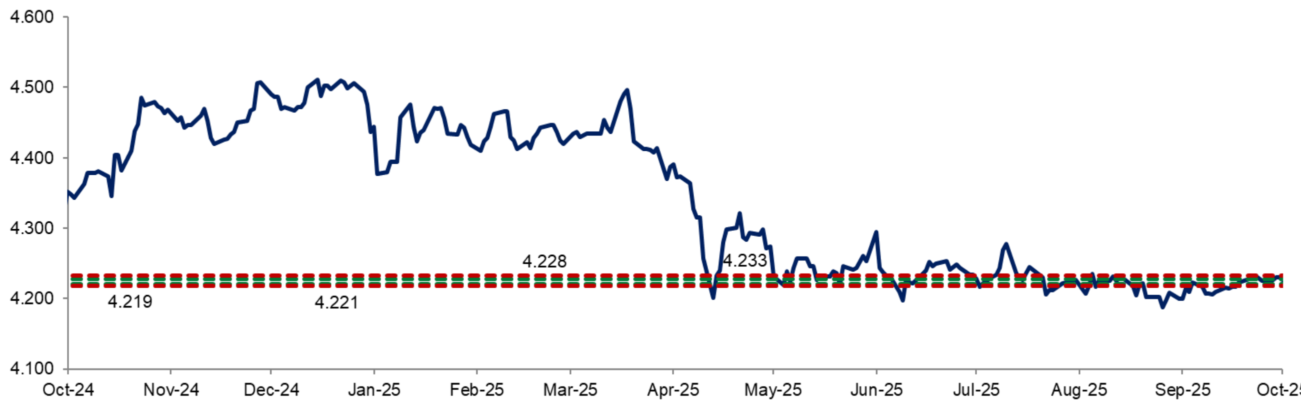
Measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

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.

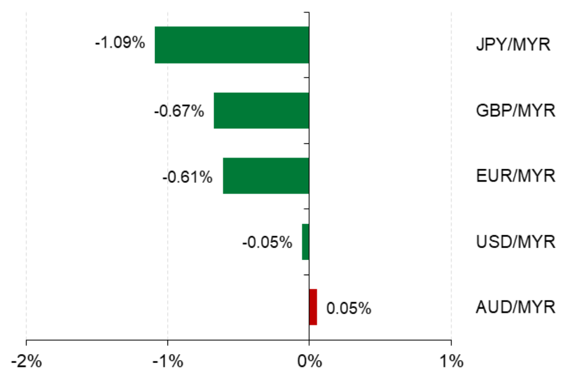
$$EMA = (P \times \alpha) + [Previous\ EMA\ \times (1 - \alpha)]$$

Graph 1: USDMYR Trend



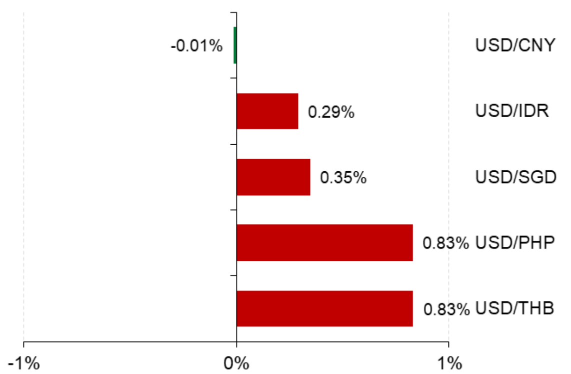
Source: Kenanga Research, Bloomberg

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	23/10/24 Last Year	23/09/25 Last Month	16/10/25 Last Week	23/10/25 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
MYR									
USDMYR	4.479	4.351	4.199	4.229	4.227	-5.62%	-2.86%	0.65%	-0.05%
AUDMYR	2.785	2.896	2.773	2.752	2.753	-1.13%	-4.94%	-0.73%	0.05%
GBPMYR	5.590	5.647	5.671	5.682	5.643	0.95%	-0.06%	-0.48%	-0.67%
EURMYR	4.636	4.692	4.956	4.930	4.900	5.69%	4.44%	-1.13%	-0.61%
JPYMYR	2.850	2.847	2.843	2.797	2.767	-2.92%	-2.83%	-2.67%	-1.09%
SGDMYR	3.288	3.295	3.273	3.264	3.253	-1.06%	-1.28%	-0.61%	-0.35%
ASEAN 5 + CNY + JPY									
USDIDR	16198	15627	16688	16581	16629	2.66%	6.41%	-0.35%	0.29%
USDTHB	34.276	33.72	31.845	32.545	32.816	-4.26%	-2.68%	3.05%	0.83%
USDSGD	1.365	1.321	1.283	1.296	1.300	-4.74%	-1.59%	1.30%	0.35%
USDPHP	57.884	57.948	57.285	58.132	58.614	1.26%	1.15%	2.32%	0.83%
USDCNY	7.299	7.130	7.113	7.124	7.123	-2.41%	-0.10%	0.14%	-0.01%
USDJPY	157.140	152.830	147.720	151.180	152.770	-2.78%	-0.04%	3.42%	1.05%
USD									
EURUSD	1.032	1.078	1.180	1.166	1.159	12.32%	7.53%	-1.76%	-0.57%
GBPUSD	1.245	1.298	1.351	1.343	1.334	7.15%	2.79%	-1.29%	-0.72%
AUDUSD	0.621	0.665	0.661	0.651	0.651	4.77%	-2.18%	-1.56%	-0.05%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
27/10/2025	MY	US-China Trade Talks	N/A	N/A
28/10/2025	US	S&P/Case-Shiller Home Price (AUG)	1.8% YoY	N/A
29/10/2025	MY	PPI (SEP)	-2.8% YoY	N/A
29/10/2025	JP	Consumer Confidence (OCT)	35.3	N/A
30/10/2025	US	Fed Interest Rate Decision	4.25%	4.00%* (25 bps cut)
30/10/2025	JP	BoJ Interest Rate Decision	0.50%	0.50%* (status quo)
30/10/2025	EA	GDP Growth Rate Flash (Q3)	0.1% QoQ	N/A
30/10/2025	EA	ECB Interest Rate Decision	2.00%	2.00% (status quo)

Source: Kenanga Research, Trading Economics, Bloomberg
**KIBB*

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