

# Ringgit Weekly Outlook

Market on tenterhooks amid tariff and geopolitical uncertainty

### Overview

- Performance:** The ringgit edged weaker than expected, trading between 4.44 and 4.47 against the USD. The USD index (DXY) remained firm around 108.0, underpinned by strong US labour market data and renewed tariff threats, including a fresh 25.0% levy on steel and aluminium imposed over the weekend.
- Market Dynamics:** Investor sentiment remained cautious amid uncertainty over Trump's trade policies. A stronger-than-expected US inflation print further bolstered the DXY, tempering hopes for near-term Fed easing. However, efforts by Trump and Putin to push for an end to the Russia-Ukraine war provided some relief, limiting USD gains.
- Data Impact:** Focus now shifts to US retail sales data and geopolitical developments in the Russia-Ukraine conflict. Domestically, stable macro indicators—including GDP, trade, and inflation—should help limit the ringgit from further depreciation.
- Outlook:** Markets now expect just one Fed rate cut—likely in September—over the next 14 FOMC meetings, but we still anticipate two Fed cuts this year, contingent on Trump's tariff policies and potential retaliation. While the US has delayed reciprocal tariffs, implementation could begin as early as April 2, keeping risk assets on edge. The ringgit is seen trading between 4.42 and 4.47/USD next week.
- Technical:** USDMYR remains neutral, likely testing its five-day EMA at 4.451 as RSI hovers mid-range. Immediate resistance stands at (R1) 4.459, with support at (S1) 4.425.

**Table 1: Currency Outlook**

Long Term*							
	Q4-24	Q1-25F	Q2-25F	Q3-25F	Q4-25F	Q1-26F	Trend
USDMYR	4.472	4.571	4.530	4.490	4.449	4.383	▲

Short Term (Technical)							
	RSI (7)	EMA (5)	R1	R2	S1	S2	Trend
USDMYR	43.034	4.451	4.459	4.482	4.425	4.413	—

Signal for USD Trend = ▲ Bullish    — Neutral    ▼ Bearish

\*F=Forecasts for end of period

Source: Kenanga Research, Bloomberg

RSI (7): 7-day Relative Strength Index

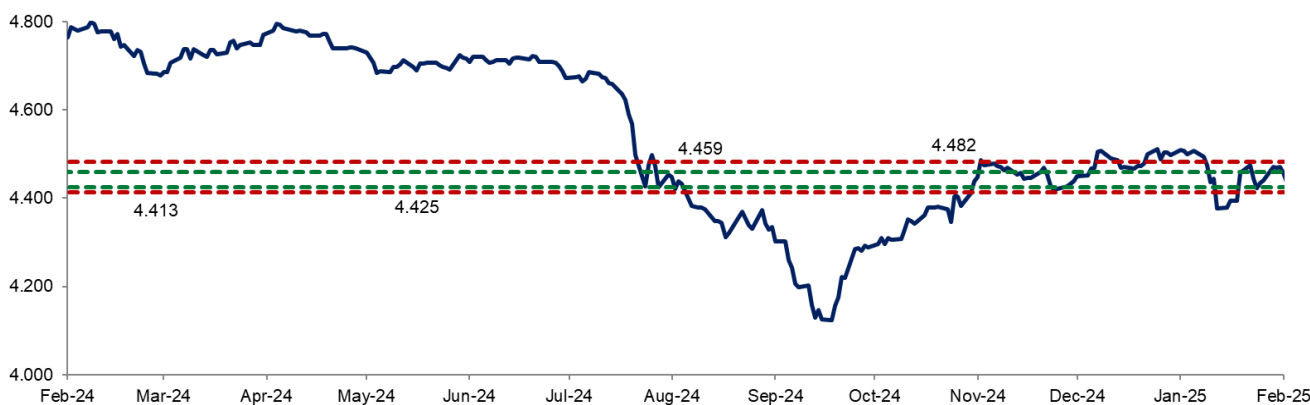
Measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

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.

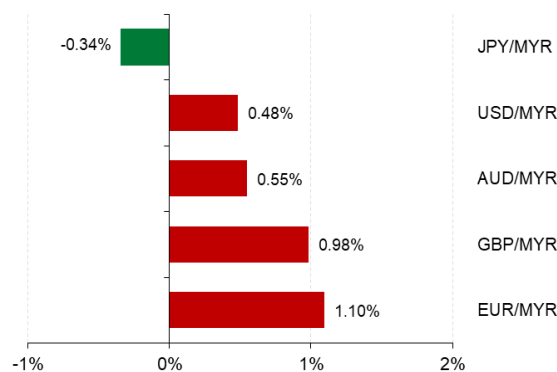
$$EMA = (P \times \alpha) + [Previous\ EMA \times (1 - \alpha)]$$

**Graph 1: USDMYR Trend**



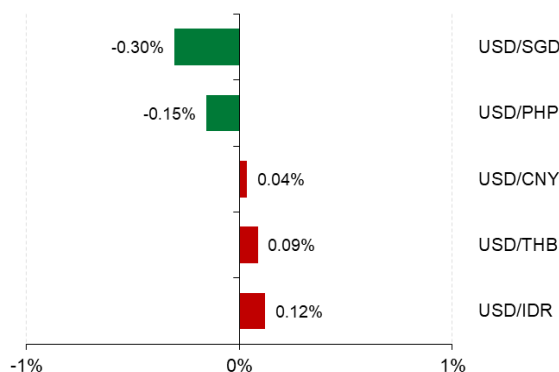
Source: Kenanga Research, Bloomberg

**Graph 2: Weekly Core Pairs' Performance**



Source: Kenanga Research, Bloomberg

**Graph 3: Weekly Regional Peers' Performance**



Source: Kenanga Research, Bloomberg

14 February 2025

Table 2: Performance of Core Pairs

Currencies	02/01/25 YTD	13/02/24 Last Year	13/01/25 Last Month	06/02/25 Last Week	13/02/25 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
<b>MYR</b>									
USDMYR	4.479	4.763	4.510	4.435	4.457	-0.49%	-6.44%	-1.18%	0.48%
AUDMYR	2.785	3.104	2.769	2.777	2.793	0.28%	-10.04%	0.86%	0.55%
GBPMYR	5.590	6.028	5.461	5.511	5.566	-0.44%	-7.67%	1.92%	0.98%
EURMYR	4.636	5.128	4.597	4.595	4.645	0.19%	-9.42%	1.04%	1.10%
JPYMYR	2.850	3.185	2.865	2.908	2.898	1.68%	-9.03%	1.16%	-0.34%
SGDMYR	3.288	3.540	3.281	3.276	3.302	0.43%	-6.73%	0.64%	0.77%
<b>ASEAN 5 + CNY + JPY</b>									
USDIDR	16198	15604	16283	16341	16361	1.01%	4.85%	0.48%	0.12%
USDTHB	34.276	35.711	34.798	33.778	33.808	-1.37%	-5.33%	-2.84%	0.09%
USDSGD	1.365	1.345	1.374	1.353	1.349	-1.14%	0.29%	-1.83%	-0.30%
USDPHP	57.884	55.954	58.701	58.16	58.071	0.32%	3.78%	-1.07%	-0.15%
USDCNY	7.299	7.194	7.332	7.285	7.288	-0.16%	1.31%	-0.60%	0.04%
USDJPY	157.140	149.520	157.430	152.530	153.790	-2.13%	2.86%	-2.31%	0.83%
<b>USD</b>									
EURUSD	1.032	1.077	1.020	1.036	1.042	0.96%	-3.30%	2.10%	0.51%
GBPUSD	1.245	1.267	1.213	1.242	1.249	0.38%	-1.37%	2.98%	0.61%
AUDUSD	0.621	0.652	0.615	0.626	0.627	0.95%	-3.87%	1.99%	0.06%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
19/2/2025	US	Building Permits Preliminary (JAN)	1.482m	1.448m
19/2/2025	US	Housing Starts (JAN)	1.499m	1.394m
20/2/2025	US	FOMC Minutes	N/A	N/A
20/2/2025	CN	Loan Prime Rate 1Y	3.10%	3.10% (status quo)
20/2/2025	MY	Exports (JAN)	16.9% YoY	N/A
20/2/2025	US	Initial Jobless Claims (FEB/15)	213.0k	N/A
21/2/2025	MY	Inflation Rate (JAN)	1.7% YoY	N/A
21/2/2025	US	Existing Home Sales (JAN)	4.24m	4.15m

Source: Kenanga Research, Trading Economics, Bloomberg

## For further information, please contact:

**Wan Suhaimie Wan Mohd Saidie**  
Head of Economic Research  
[wansuhaimi@kenanga.com.my](mailto:wansuhaimi@kenanga.com.my)

**Muhammad Saifuddin Sapuan**  
Economist  
[saifuddin.sapuan@kenanga.com.my](mailto:saifuddin.sapuan@kenanga.com.my)

**Afiq Asyraf Syazwan Abd. Rahim**  
Economist  
[afiqasyraf@kenanga.com.my](mailto:afiqasyraf@kenanga.com.my)

**Nurul Hanees Hairulkama**  
Economist  
[nurulhanees@kenanga.com.my](mailto:nurulhanees@kenanga.com.my)

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**KENANGA INVESTMENT BANK BERHAD (15678-H)**

Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia  
Telephone: (603) 2172 0880 Website: [www.kenanga.com.my](http://www.kenanga.com.my) E-mail: [research@kenanga.com.my](mailto:research@kenanga.com.my)