

Ringgit Weekly Outlook

Faces choppy waters as trade tensions and Fed bets weigh in

Overview

- Performance:** The ringgit briefly strengthened below 4.40/USD on Monday, buoyed by soft US macro and expectations that Trump's tariffs would be short-lived. However, it later retreated to 4.44/USD after Trump reaffirmed the Canada-Mexico tariffs (March 4).
- Market Dynamics:** The USD found support as the House passed the budget blueprint, though a weak US consumer confidence reading deepened concerns over slowing consumption and growth, shifting investor expectations to two Fed cuts this year. Meanwhile, a market-friendly German election result and the US-Ukraine mineral deal strengthened the EUR, pressuring the USD.
- Data Impact:** A spike in US weekly jobless claims—attributed to weather—has heightened concerns over broader layoffs. Any labour market deterioration could shift the Fed's policy stance. Market now awaits core PCE data tonight, where an inflationary surprise could strengthen the USD.
- Outlook:** Investors will focus on USMCA trade negotiations and China's response to new US tariffs, alongside Elon Musk's attempts to scale back US government spending. The ECB's expected 25 bps rate cut may bolster the USD, while BNM is likely to stay on hold, limiting the ringgit's downside. Barring surprises, the local note is expected to trade between 4.44-4.49/USD.
- Technical:** With RSI nearing overbought territory, USDMYR may consolidate around 4.44. However, lingering uncertainty should keep the pair volatile within (S1) 4.429 – (R1) 4.489.

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	68.038	4.444	4.489	4.508	4.429	4.390	▼

Signal for USD Trend = ▲ Bullish — Neutral ▼ Bearish

*F=Forecasts for end of period

Source: Kenanga Research, Bloomberg

RSI (7): 7-day Relative Strength Index

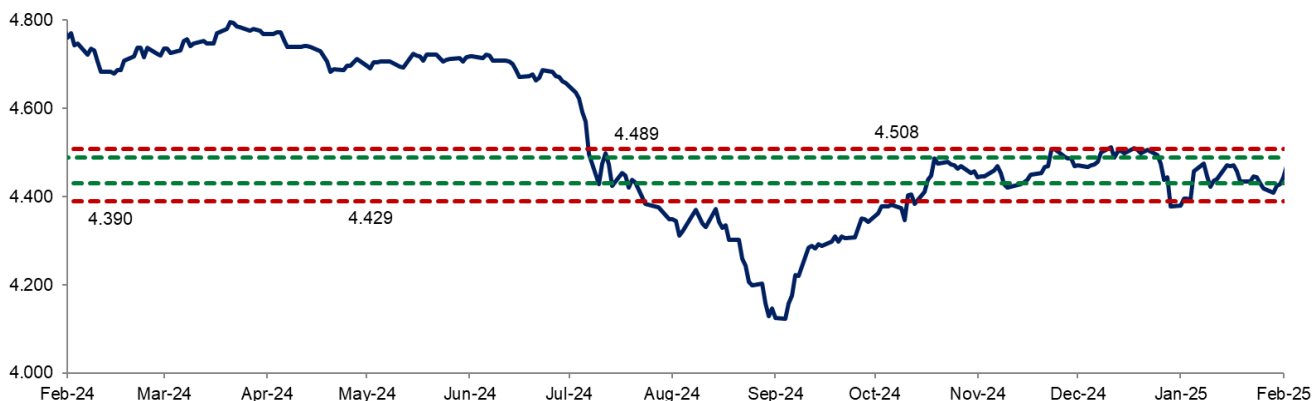
Measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

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.

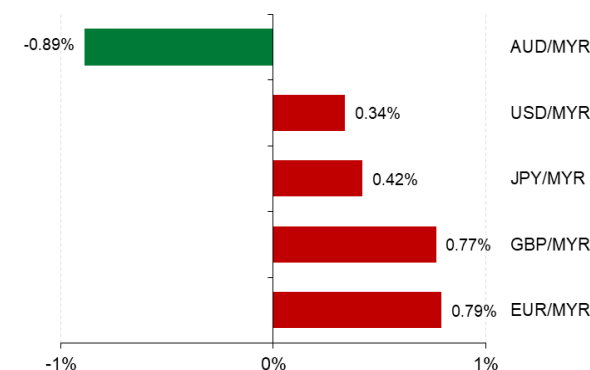
$$EMA = (P \times \alpha) + [Previous\ EMA \times (1 - \alpha)]$$

Graph 1: USDMYR Trend



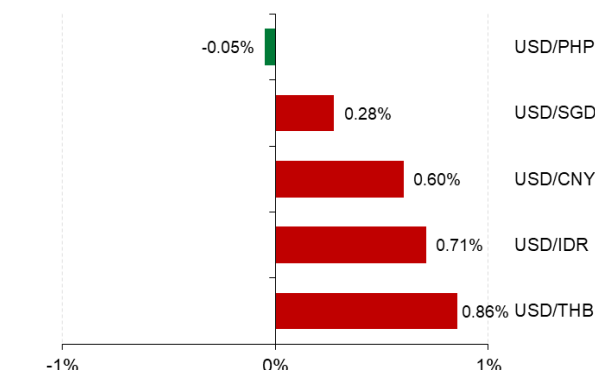
Source: Kenanga Research, Bloomberg

Graph 2: Weekly Core Pairs' Performance



Source: Kenanga Research, Bloomberg

Graph 3: Weekly Regional Peers' Performance



Source: Kenanga Research, Bloomberg

28 February 2025

Table 2: Performance of Core Pairs

Currencies	02/01/25 YTD	27/02/24 Last Year	27/01/25 Last Month	20/02/25 Last Week	27/02/25 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
MYR									
USDMYR	4.479	4.761	4.379	4.430	4.445	-0.76%	-6.65%	1.49%	0.34%
AUDMYR	2.785	3.120	2.756	2.824	2.799	0.51%	-10.29%	1.55%	-0.89%
GBPMYR	5.590	6.042	5.469	5.588	5.631	0.72%	-6.80%	2.95%	0.77%
EURMYR	4.636	5.167	4.594	4.623	4.660	0.51%	-9.82%	1.44%	0.79%
JPYMYR	2.850	3.168	2.844	2.951	2.964	3.99%	-6.46%	4.19%	0.42%
SGDMYR	3.288	3.544	3.255	3.308	3.312	0.75%	-6.54%	1.77%	0.12%
ASEAN 5 + CNY + JPY									
USDIDR	16198	15646	16172	16338	16454	1.58%	5.16%	1.74%	0.71%
USDTHB	34.276	35.82	33.632	33.628	33.916	-1.05%	-5.32%	0.84%	0.86%
USDSGD	1.365	1.343	1.343	1.338	1.342	-1.70%	-0.14%	-0.12%	0.28%
USDPHP	57.884	56.097	58.442	57.926	57.897	0.02%	3.21%	-0.93%	-0.05%
USDCNY	7.299	7.198	7.245	7.243	7.287	-0.18%	1.23%	0.58%	0.60%
USDJPY	157.140	150.270	153.980	150.080	149.850	-4.64%	-0.28%	-2.68%	-0.15%
USD									
EURUSD	1.032	1.085	1.051	1.044	1.048	1.60%	-3.41%	-0.22%	0.38%
GBPUSD	1.245	1.268	1.250	1.262	1.268	1.86%	-0.03%	1.47%	0.49%
AUDUSD	0.621	0.655	0.630	0.638	0.630	1.45%	-3.86%	0.02%	-1.24%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
03/3/2025	MY	S&P Global Manufacturing PMI (FEB)	48.7	N/A
03/3/2025	CN	Caixin Manufacturing PMI (FEB)	50.1	50.5
03/3/2025	US	ISM Manufacturing PMI (FEB)	50.9	N/A
05/3/2025	US	ADP Employment Change (FEB)	183.0k	148.0k
06/3/2025	MY	BNM Interest Rate Decision	3.00%	3.00% (status quo)*
06/3/2025	EA	ECB Interest Rate Decision	2.75%	2.50% (25 bps cut)
06/3/2025	US	Initial Jobless Claims (MAR/01)	242.0k	N/A
07/3/2025	US	Non Farm Payrolls (FEB)	143.0k	158.0k

Source: Kenanga Research, Trading Economics, Bloomberg

*KIBB

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