

Ringgit Weekly Outlook

Adopts defensive stance ahead of Trump’s reciprocal tariff announcements

Overview

- Performance:** The ringgit traded defensively, hovering narrowly between 4.43-4.44/USD. This stability persisted despite a rebound in the USD index (DXY), spurred by the unwinding of short positions.
- Market Dynamics:** Trump’s hint at exemptions for certain countries under the reciprocal tariffs has bolstered risk sentiment. While US business activity continues to grow, consumer confidence has fallen to a four-year low, fuelling spending concerns. The US trade deficit remains near record highs, which could drag on 1Q25 growth. Stability in US asset markets provided some support to the DXY.
- Data Impact:** Core PCE data tonight (consensus: 0.3% MoM) and next week’s reciprocal tariffs could limit dovish Fed bets and cap USD downside. Fed comments suggest no rush for a rate cut, supporting the DXY. However, a more lenient tariff approach or delays, combined with a weak jobs report, could shift sentiment. A potential sub-100.0k reading in nonfarm payrolls amid record-low border crossings could strengthen the case for earlier-than-expected rate cuts.
- Outlook:** Although Trump’s tariff strategy remains broadly uncertain, the ringgit is likely to continue trading defensively within the 4.42–4.45 range against the USD. Malaysia appears relatively insulated and better positioned than many of its regional peers to withstand US tariff pressures, although broad risk-off sentiment could still weigh on the currency. Markets will also monitor Europe’s response to US tariffs and developments in the Russia-Ukraine conflict.
- Technical:** USDMYR remains neutral, hovering near its 5-day EMA at 4.432, with RSI in the mid-range. The tariff overhang is likely to keep the pair within (S1) 4.428 and (R1) 4.436.

Table 1: Currency Outlook

Long Term*							
	Q4-24	Q1-25F	Q2-25F	Q3-25F	Q4-25F	Q1-26F	Trend
USDMYR	4.472	4.480	4.530	4.490	4.449	4.383	▲

Short Term (Technical)							
	RSI (7)	EMA (5)	R1	R2	S1	S2	Trend
USDMYR	47.787	4.432	4.436	4.440	4.428	4.425	—

Signal for USD Trend = ▲ Bullish — Neutral ▼ Bearish

*F=Forecasts for end of period

Source: Kenanga Research, Bloomberg

RSI (7): 7-day Relative Strength Index

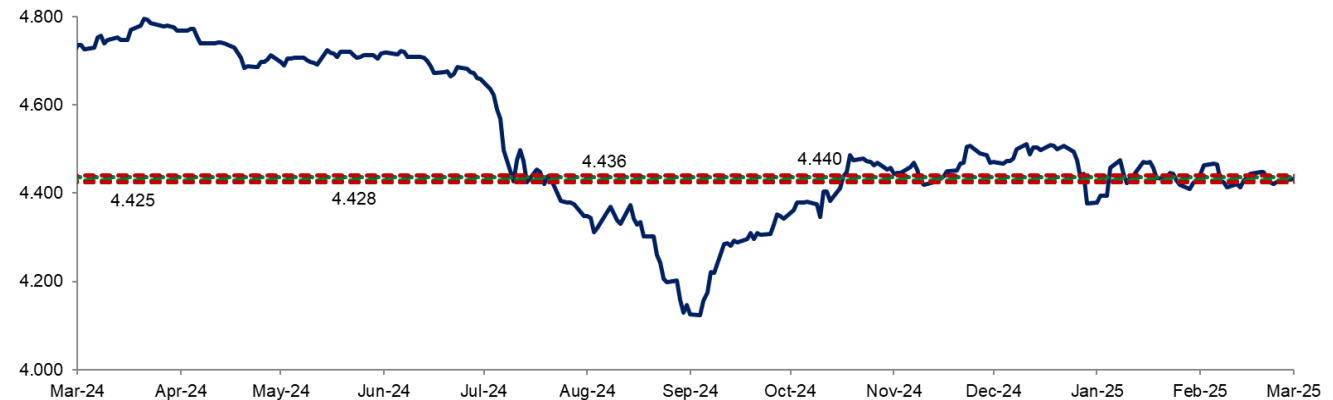
Measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

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.

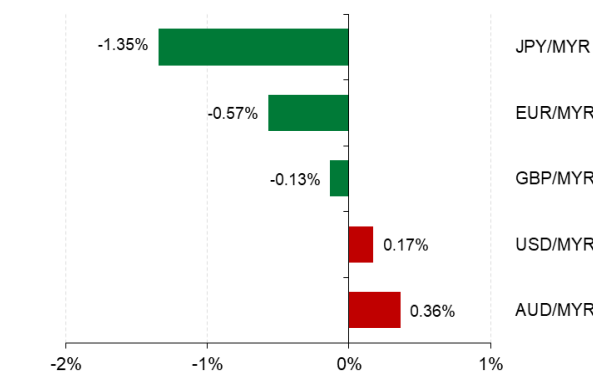
$$EMA = (P \times \alpha) + [Previous\ EMA \times (1 - \alpha)]$$

Graph 1: USDMYR Trend



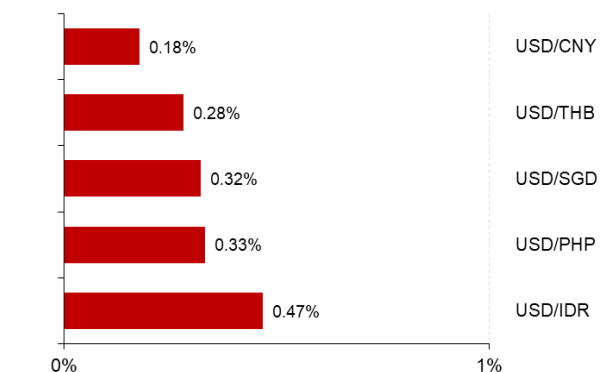
Source: Kenanga Research, Bloomberg

Graph 2: Weekly Core Pairs' Performance



Source: Kenanga Research, Bloomberg

Graph 3: Weekly Regional Peers' Performance



Source: Kenanga Research, Bloomberg

28 March 2025

Table 2: Performance of Core Pairs

Currencies	02/01/25 YTD	27/03/24 Last Year	27/02/25 Last Month	20/03/25 Last Week	27/03/25 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
MYR									
USDMYR	4.479	4.735	4.445	4.424	4.432	-1.04%	-6.39%	-0.28%	0.17%
AUDMYR	2.785	3.089	2.799	2.785	2.795	0.39%	-9.50%	-0.13%	0.36%
GBPMYR	5.590	5.977	5.631	5.733	5.726	2.43%	-4.21%	1.69%	-0.13%
EURMYR	4.636	5.126	4.660	4.801	4.774	2.97%	-6.86%	2.45%	-0.57%
JPYMYR	2.850	3.133	2.964	2.977	2.937	3.05%	-6.25%	-0.90%	-1.35%
SGDMYR	3.288	3.513	3.312	3.315	3.308	0.61%	-5.84%	-0.14%	-0.21%
ASEAN 5 + CNY + JPY									
USDIDR	16198	15858	16454	16485	16562	2.25%	4.44%	0.66%	0.47%
USDTHB	34.276	36.377	33.916	33.752	33.847	-1.25%	-6.95%	-0.20%	0.28%
USDSGD	1.365	1.347	1.342	1.335	1.339	-1.85%	-0.59%	-0.16%	0.32%
USDPHP	57.884	56.221	57.897	57.21	57.400	-0.84%	2.10%	-0.86%	0.33%
USDCNY	7.299	7.227	7.287	7.249	7.262	-0.51%	0.49%	-0.33%	0.18%
USDJPY	157.140	151.200	149.850	148.600	150.930	-3.95%	-0.18%	0.72%	1.57%
USD									
EURUSD	1.032	1.083	1.048	1.085	1.078	4.51%	-0.47%	2.86%	-0.59%
GBPUSD	1.245	1.263	1.268	1.295	1.293	3.90%	2.37%	2.00%	-0.15%
AUDUSD	0.621	0.653	0.630	0.629	0.631	1.61%	-3.35%	0.16%	0.30%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
31/3/2025	CN	NBS Manufacturing PMI (MAR)	50.2	50.4
1/4/2025	US	ISM Manufacturing PMI (MAR)	50.3	49.8
1/4/2025	US	JOLTs Job Openings (FEB)	7.74m	N/A
2/4/2025	MY	S&P Global Manufacturing PMI (MAR)	49.7	N/A
2/4/2025	US	ADP Employment Change (MAR)	77.0k	119.0k
3/4/2025	US	Balance of Trade (FEB)	-USD131.4b	-USD110.0b
3/4/2025	US	ISM Services PMI (MAR)	53.5	53.0
4/4/2025	US	Non Farm Payrolls (MAR)	151.0k	135.0k

Source: Kenanga Research, Trading Economics, Bloomberg

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