Ringgits Among Few Regional Currencies Gaining in Sep-25

ECONOMIC REVIEW:
Monthly Currency Review
Sep-25



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- US dollar was stable in Sep-25. The US dollar was stable in Sep-25 as the DXY index was virtually unchanged at 97.78 (Jul-25:97.77), reversing the depreciation recorded last month against the major currencies. Similarly, on average, the US dollar index declined by -0.6%mom to 97.69 (Aug-25: 98.26).
- Ringgit resumed appreciating in Sep-25, strengthened for the second consecutive month. The ringgit appreciated by +0.4%mom in Sep-25, closing the month at RM4.207 (end-Aug-25: RM4.225). In the first 9 months this year, the ringgit gained +6.3%ytd against the US dollar, on the back of further rate cuts expectations from the FOMC meeting.
- Ringgit is expected to continue its appreciating trend in 2025. Our current forecast projects the ringgit will strengthen against the US dollar this year, with an average of approximately RM4.30 (2024: RM4.56).

US dollar was stable in Sep-25. The US dollar was stable in Sep-25 as the DXY index was virtually unchanged at 97.78 (Jul-25:97.77), reversing the depreciation recorded last month against the major currencies. Similarly, on average, the US dollar index declined by -0.6%mom to 97.69 (Aug-25: 98.26). The greenback in the early part of the month weakened and hit the lowest level for the month at 96.63 by mid-month and later rebounded higher for the rest of the month. The DXY index tracked lower in the early part of the month as market players priced in a strong rate cut scenario for the Sep-25 FOMC meeting. After the FOMC meeting, which the Fed cut the fed funds by -25bps and despite the expectations for further rate cuts this year, the DXY index tracked back higher as the recent data releases indicated no further sign of softening in the labour market. In addition, the higher headline PCE inflation and stronger 2QCY25 GDP growth also led to some easing in the expectations for faster rate cuts. Meanwhile, post-FOMC meeting also saw several policymakers signalling that the uncertainty path for inflation remains high. On that note, further delays in the Fed's rate cuts could elevate the dollar as the Fed remains cautious in managing the renewed inflationary pressures from higher tariffs, which could adversely affect the US economic growth. Market players are pricing in a high probability for rate cuts at both the Oct-25 and Dec-25 FOMC meetings.

Most currencies weakened against the US dollar. Despite the stable movement in US dollar, most major and regional currencies weakened in Sep-25. Among the major currencies, the euro appreciated by +0.4%mom, but the pound sterling depreciated by -0.4%mom. Among regional currencies, the biggest depreciation was the Philippine peso (-1.8%mom), Indonesian rupiah (-1.1%mom), and the Korean won (-1.0%mom). Other Asian currencies like the Taiwan dollar (+0.5%mom) and Chinese yuan (+0.1%mom) strengthened during the month.

Table 1: End-Period of USD Against Selected Currencies, YTD Change and MoM Change

	2021	2022	2023	2024	Sept-25	YTD Change	MoM Change
DXY	95.67	103.52	101.33	108.49	97.78	-9.9%	+0.0%
EURUSD	1.137	1.071	1.104	1.035	1.173	+13.3%	+0.4%
GBPUSD	1.353	1.208	1.273	1.252	1.345	+7.4%	-0.4%
USDAUD	1.377	1.468	1.468	1.616	1.512	+6.9%	+1.1%
USDJPY	115.08	131.12	141.04	157.20	147.90	+6.3%	-0.6%
USDSGD	1.349	1.340	1.320	1.366	1.290	+5.9%	-0.5%
USDCAD	1.264	1.355	1.324	1.438	1.392	+3.3%	-1.3%
USDTWD	27.68	30.72	30.71	32.79	30.46	+7.7%	+0.5%
USDMYR	4.166	4.404	4.594	4.472	4.207	+6.3%	+0.4%
USDTHB	33.41	34.61	34.14	34.10	32.40	+5.2%	-0.0%
USDKRW	1,189	1,266	1,288	1,472	1,404	+4.9%	-1.0%
USDCNY	6.356	6.899	7.100	7.299	7.122	+2.5%	+0.1%
USDPHP	50.99	55.73	55.39	57.84	58.21	-0.6%	-1.8%
USDIDR	14,253	15,568	15,397	16,102	16,665	-3.4%	-1.1%
USDVND	22,826	23,633	24,269	25,485	26,424	-3.6%	-0.3%
USDINR	74.34	82.74	83.21	85.61	88.79	-3.6%	-0.7%

Source: Bloomberg, MBSBR

Ringgit resumed appreciating in Sep-25, strengthened for the second consecutive month. The ringgit appreciated by +0.4%mom in Sep-25, closing the month at RM4.207 (end-Aug-25: RM4.225). In the first 9 months this year, the ringgit gained +6.3%ytd against the US dollar, on the back of further rate cuts expectations from the FOMC meeting. The ringgit traded within the RM4.18 – RM4.23 range last month, while the ringgit saw two occasions of temporary strengthening, which broke below the RM4.20 level by mid-month, but later rebounded back higher. On the 17 September 2025, the USDMYR closed at RM4.18, the strongest level since early Oct-24. Domestically, recent data affirmed resilient economic activity, consistent with BNM's decision to maintain the OPR and provide forward guidance for sustained economic growth. However, BNM simultaneously highlighted downside risks to the growth outlook, citing a potential global trade slowdown, weaker overall market sentiment, and lower-than-expected commodity production. Supporting this domestic strength were robust figures in industrial production, distributive trade, and healthy labour market conditions. Meanwhile, the continuous low and mild inflation environment would remain supportive to domestic consumption, on top of the boost from the recent mini fiscal measures which will end by the end of the year.

Ringgit also gained against other currencies. The ringgit strengthened against currencies of Malaysia's major trading partners as our MBSB Trade-Weighted Ringgit Index (TWRI) increased by +0.5%mom to 94.41 (Aug-25: 93.90). The appreciation was mainly against the Philippines peso (+1.8%mom), Indonesian rupiah (+1.4%mom), and the Japanese yen (+1.2%mom). We opine the nominal appreciation of the ringgit against a basket of currencies signals Malaysia's improved growth fundamentals vis-à-vis its major trading partners.

Table 2: End-Period of MYR Against Selected Currencies, YTD Change and MoM Change

	2021	2022	2023	2024	Jun-25	YTD Change	MoM Change
USDMYR	4.166	4.404	4.594	4.472	4.207	+6.3%	+0.4%
CADMYR	3.271	3.251	3.467	3.113	3.024	+2.9%	+1.6%
SGDMYR	3.086	3.283	3.478	3.286	3.262	+0.7%	+0.8%
GBPMYR	5.631	5.299	5.837	5.615	5.657	-0.7%	+0.5%
EURMYR	4.719	4.693	5.076	4.659	4.943	-5.7%	-0.2%
TRYMYR	0.312	0.235	0.155	0.126	0.101	+25.0%	+1.5%
LKRMYR	0.183	0.187	0.189	0.175	0.159	+10.2%	+0.7%
VNDMYR	0.035	0.033	0.035	0.033	0.030	+10.1%	+1.1%

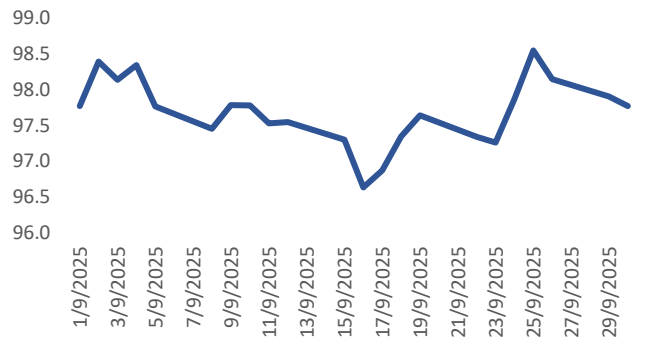
NPRMYR	0.029	0.028	0.030	0.028	0.025	+9.8%	+1.5%
IDRMYR	0.021	0.012	0.014	0.015	0.014	+9.8%	+0.6%
BDTMYR	4.831	4.271	4.181	3.721	3.461	+7.7%	+0.6%
PHPMYR	0.082	0.079	0.083	0.077	0.072	+6.6%	+2.2%
CNYMYR	0.655	0.638	0.646	0.613	0.591	+3.7%	+0.3%
JPYMYR	0.350	0.350	0.356	0.303	0.300	+1.3%	+1.5%
THBMYR	12.56	12.75	13.40	13.02	12.97	+0.4%	+0.5%
KRWMYR	3.620	3.358	3.255	2.846	2.844	+0.1%	+1.1%
TWDMYR	0.151	0.143	0.150	0.136	0.138	-1.2%	+0.1%

Source: Bloomberg, MBSBR

Net inflows from the equity and debt markets. On the back of the Fed's rate cut last month, Malaysia's equity market turned positive after three months of net outflow prior to Sep-25, with a minor positive inflow of foreign funds amounting +USD19m (Aug-25: -USD813m). Based on the latest data, foreign holdings of Malaysian debt increased by +RM3.1b to RM294.2b in Aug-25 (Jul-25: RM291.1b). In view of the normalisation in the MGS yield and no further easing expected to be carried out by BNM, inflows into the debt market would be limited. Nevertheless, we believe the strengthening of the ringgit last month was partly driven to the inflows into both the equity and domestic debt markets.

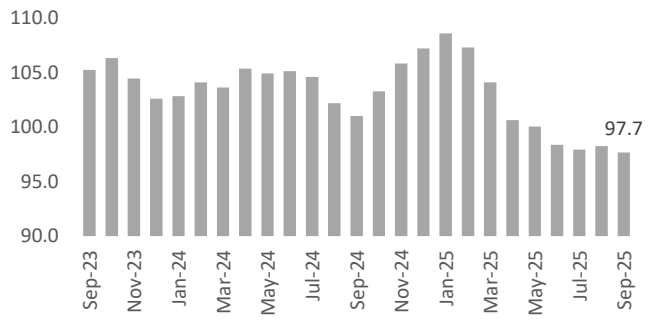
Ringgit is expected to continue its appreciating trend in 2025. Our current forecast projects the ringgit will strengthen against the US dollar this year, with an average of approximately RM4.30 (2024: RM4.56). Given recent shifts in economic data, we are reviewing the ringgit outlook, with a bias towards further strengthening and potentially ending the year stronger than our current projection of RM4.25. We continue to foresee continued appreciation bias for ringgit, supported by the expected narrowing of the interest rate differentials. This is based on the assumptions that the US Fed will implement additional 1-2 rate cuts this year while BNM is expected to keep the OPR steady at 2.75%. This positive expectation is also supported by Malaysia's robust economic fundamentals, though it faces risks from potential delays in US rate cuts due to persistent buildup in inflationary pressures and ongoing global uncertainties. We forecast an increase in our MBSB Trade-Weighted Ringgit Index (TWRI) to 95.0 by year-end as we anticipate the ringgit will also strengthen against the currencies of Malaysia's major trading partners. The resilience of the ringgit is underpinned by the stability of the nation's monetary policy settings on the back of sustained economic growth, unlike other central banks that have adopted a more dovish stance and recently eased policy interest rates to spur growth. The recent BNM statement also indicated that the economy is expected to remain well supported. This stability is justified by Malaysia's modest and contained inflation environment, providing a solid foundation for the ringgit to appreciate against regional and major currencies. Key events for this month include Malaysia's annual budget announcement and the US government shutdown.

Chart 1: Movement of DXY Dollar Index in Sep-25



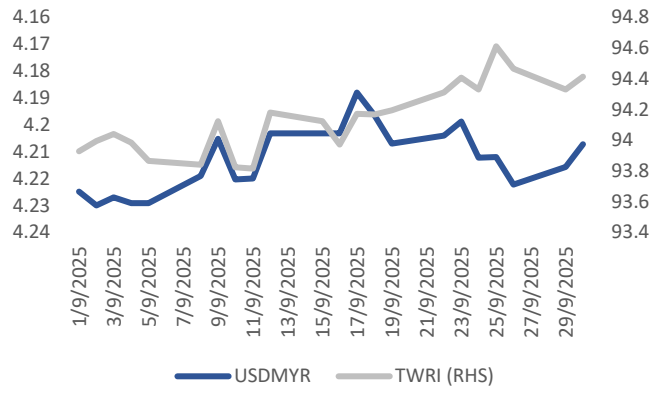
Source: Bloomberg, MBSBR

Chart 2: Monthly Average of DXY Dollar Index



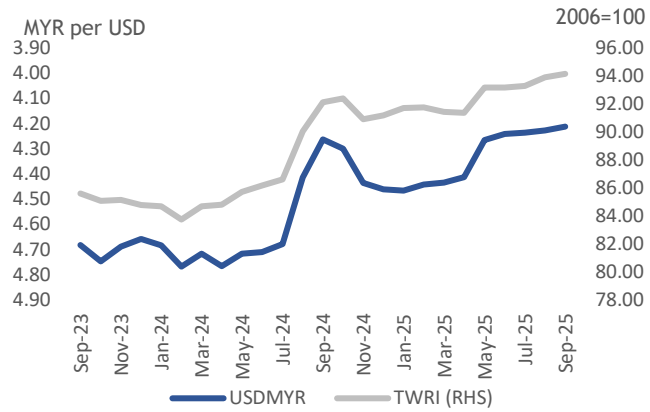
Source: Bloomberg, MBSBR

Chart 3: USDMYR vs. MBSB TWRI in Sep-25



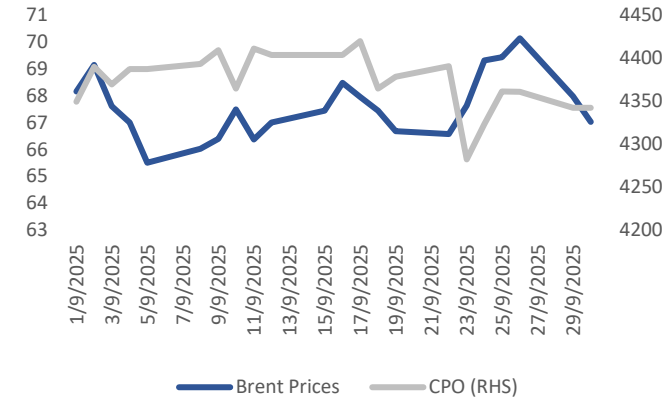
Source: Bloomberg, MBSBR

Chart 4: USDMYR vs MBSB TWRI Monthly Average



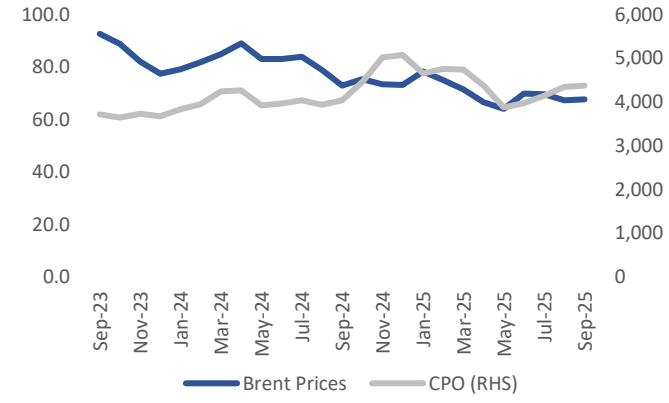
Source: Bloomberg, MBSBR

Chart 5: Brent Crude Oil (USD pb) and Crude Palm Oil (RM/tonne) Prices



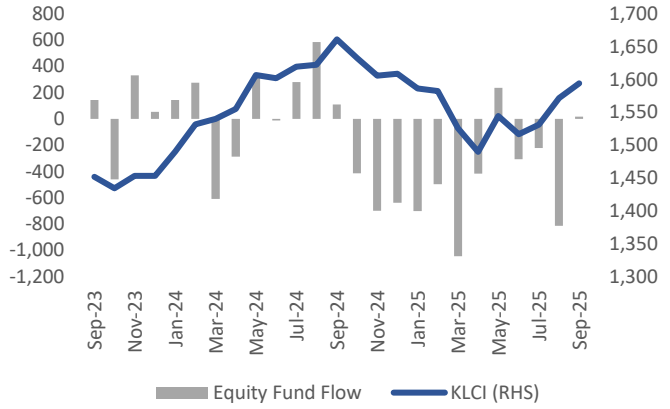
Source: Bloomberg, MBSBR

Chart 6: Monthly Average Prices of Brent Crude Oil (USD pb) and Crude Palm Oil (RM/tonne)



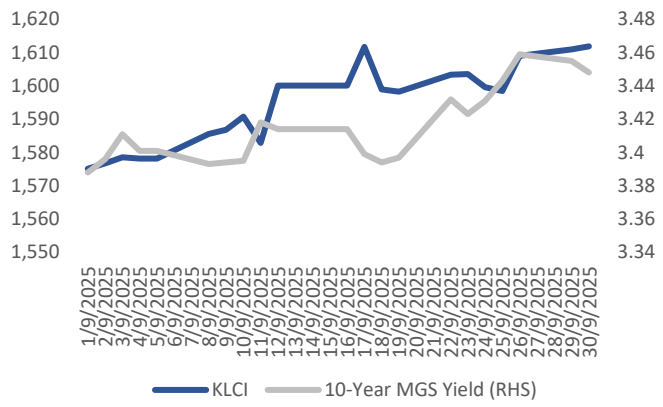
Source: Bloomberg, MBSBR

Chart 7: FBMKLCI (Average) vs Fund Flow Into Malaysian Equity (USD m)



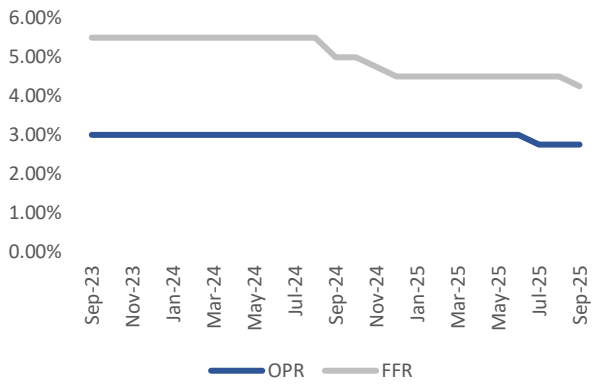
Source: Bloomberg, MBSBR

Chart 8: FBMKLCI and MGS 10-Yield Movement in Sep-25



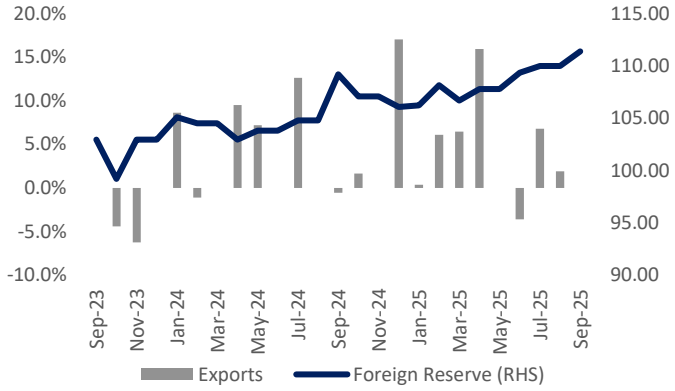
Source: Bloomberg, MBSBR

Chart 9: Fed Funds Rate vs OPR at Month-End (%)



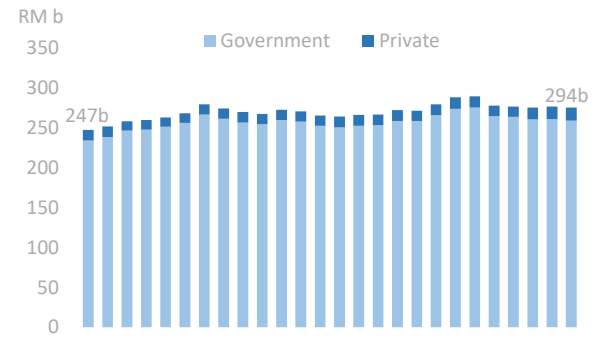
Source: Bloomberg, MBSBR

Chart 10: Exports (YoY%) and Foreign Currency Reserves (USD b)



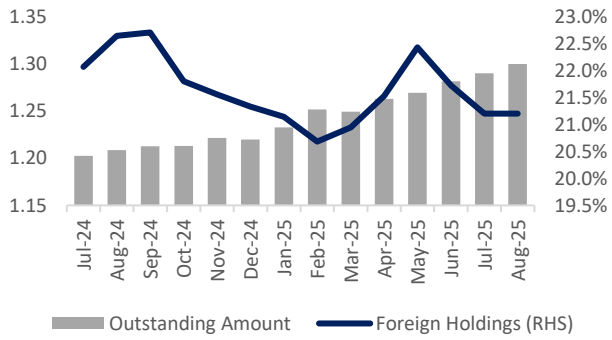
Source: Bloomberg, IMF, MBSBR

Chart 11: Foreign Holdings of Malaysian Bonds (RM b)



Source: BNM, Bondstream, MBSBR

Chart 12: Chart 12: Foreign Holdings as % of Outstanding Malaysian Government Bonds



Source: BNM, Bondstream, MBSBR

SEPTEMBER 2025 KEY ECONOMIC EVENTS

1 Sep: Malaysia to explore new markets for semiconductors as part of diversification efforts: PM. Malaysia is exploring new markets for its semiconductor industry as part of its diversification efforts to move into new and non-traditional markets, said Prime Minister Datuk Seri Anwar Ibrahim. To this extent, he said China has advanced phenomenally in this field, and Malaysia is eager to learn and explore possible collaborations.

8 Sep: Expo 2025 Osaka: M'sia hits RM15.6 bln in potential trade, investment value. Malaysia has achieved approximately RM15.6 billion in potential trade and investment value at Expo 2025 Osaka, surpassing its baseline target of RM13 billion by about 20 per cent. Deputy Prime Minister Datuk Seri Fadillah Yusof said the milestone underscored the strength of Malaysia's partnerships and the global appeal of its offerings.

10 Sep: Malaysia among top ASEAN destinations for European Investors — EU-ABC Survey. Malaysia has emerged as one of the four most attractive ASEAN markets for European businesses, alongside Vietnam, Indonesia and Thailand, according to the EUASEAN Business Sentiment Survey released today.

12 Sep: DOSM: Malaysia's tourism grows, hits RM291.9b in 2024. Malaysia's tourism industry generated RM291.9b, contributing 15.1% to the economy in 2024, according to the Tourism Satellite Account 2024 statistics released by DOSM. Chief statistician Datuk Seri Dr Mohd Uzir Mahidin stated that in 2023, the sector contributed 14.9% to GDP and generated RM271.9b.

13 Sep: Malaysia adds another US$100 mil to forex shield, pushing it to new decade high. Malaysia's international reserves have continued to climb in September, reaching a new 10-year high of US$122.8 billion, according to the latest data from Bank Negara Malaysia (BNM), boosting the country's defence against market volatility and external shocks.

17 Sep: Short-term rates stable as BNM absorbs surplus liquidity. Short-term rates are expected to remain stable today, following Bank Negara Malaysia's (BNM) operations to absorb surplus liquidity from the financial system. Liquidity in the banking system is estimated at RM34.88 billion in the conventional market and RM13.81 billion in Islamic funds. Today, the central bank will conduct three reverse repo tenders, comprising a RM4.4 billion tender for seven days, a RM1.5 billion tender for 30 days, and a RM1 billion tender for 91 days.

19 Sep: Malaysia's exports decelerated, growing slower than expected in August, official data shows. Exports in August climbed to RM131.6 billion, a 1.9% increase from the same month of 2024, according to the Ministry of Investment, Trade and Industry (Miti). The print underperformed the median forecast for a 3.0% expansion in a Bloomberg poll.

5 Sep: U.S. Payrolls rose 22,000 in August, less than expected in further sign of hiring slowdown. The report showed a marked slowdown from the July increase of 79,000, which was revised up by 6,000. Revisions also showed a net loss of 13,000 in June after the prior estimate was lowered by 27,000.

4 Sep: BNM maintains OPR at 2.75%. Malaysia's central bank on Thursday kept the benchmark interest rate unchanged as widely expected, while flagging uncertainties in growth outlook from lingering external risks. At the current level, BNM said it "considers the monetary policy stance to be appropriate and supportive of the economy amid price stability".

9 Sep: Bank Negara's international reserves increased to US$122.7bil as at Aug 29. The international reserves of Bank Negara Malaysia (BNM) increased marginally to US$122.7 billion as of Aug 29, 2025, from US$122 billion recorded on Aug 15, 2025. The central bank said in a statement today that the reserves position is sufficient to finance 4.8 months of imports of goods and services, and is 0.9 times the total short-term external debt.

11 Sep: Planted oil palm area to hit 5.64 mil hectares in 2025, says deputy minister. The total planted oil palm area is forecast at 5.64 million hectares, slightly up from 5.61 million hectares in 2024, said Plantation and Commodities Deputy Minister Datuk Chan Foong Hin. He said this growth is mainly attributed to an increase in immature areas resulting from earlier replanting activities.

13 Sep: Malaysia's Open-Door Policy Delivers RM376 Billion Economic Boost. Malaysia's open-door policy is paying off, delivering a combined RM376b to the economy in 2024 through foreign residents and a resurgent tourism sector, Housing and Local Government Minister Nga Kor Ming said. Foreign residents contributed over RM84.2b last year, while tourism revenues surged 41% to RM291.9b, equivalent to 15.1% of GDP.

17 Sep: Fed announces first rate cut in nine months, signals more reductions to come. The Federal Reserve cut its benchmark interest rate Wednesday for the first time since December and signaled more cuts are likely this year. Central bankers opted for a quarter-point cut this time around, matching expectations on Wall Street.

19 Sep: Halal exports close to RM30b in 1H25. MALAYSIA'S halal exports reached US$7 billion (RM29.38 billion), equal to 16.1% of the national exports in the first half of 2025 (1H25). International Trade and Industry (MITI) Minister Tengku Datuk Seri Zafrul Tengku Abdul Aziz shared that key products including food and beverages (F&B), halal ingredients, and palm oil derivatives are shipped to markets as diverse as China, Singapore, the US, Japan and Indonesia.

25 Sep: Anwar, Trump keen to witness signing of Malaysia-US trade pact in October: Zafrul. US President Donald Trump and Prime Minister Datuk Seri Anwar Ibrahim are keen to witness the signing of a trade agreement between their countries during Malaysia's chairmanship of the 47th Asean Summit in late October.

5 Sep: US unemployment rate near 4-year high as labor market hits stall speed. U.S. job growth weakened sharply in August and the unemployment rate increased to nearly a four-year high of 4.3%, confirming that labor market conditions were softening and sealing the case for a Federal Reserve interest rate cut later this month.

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