Ringgit Gains Momentum as Fed Rate Cut Expectation Increases

ECONOMIC REVIEW:
Monthly Currency Review
Nov-25



Author
MBSB Research
research@midf.com.my

- The US dollar weakened against major currencies in Nov-25 as the DXY index decreased by -0.3%mom to 99.46 (Oct-25: 99.80), hovering in a tight range of 99.15 to 100.22. Similarly, on average, the US dollar index increased by +1.0 mom to 99.74% (Oct-25: 98.76).
- The ringgit appreciated by +1.3%mom in Nov-25, closing the month at RM 4.133 (end-Oct-25: RM 4.189). In the first 11 months of this year, the ringgit gained by +8.2%ytd against the US dollar (Oct-25: +6.8%ytd), as last month's performance was explained by the weakening of the dollar as Fed is expected to cut further.
- We are keeping our base case for the Ringgit to strengthen further against the US dollar, averaging the year around RM4.25 (2024: RM4.56). The primary catalyst driving this sustained appreciation bias is the expected narrowing of the US-Malaysia interest rate differential.

US dollar weakened in Nov-25

The US dollar weakened against major currencies in Nov-25 as the DXY index decreased by -0.3%mom to 99.46 (Oct-25: 99.80), hovering in a tight range of 99.15 to 100.22. Similarly, on average, the US dollar index increased by +1.0 mom to 99.74% (Oct-25: 98.76). The US dollar turned higher in the early part of the month despite the FOMC decided to reduce its fed funds rate by -25bps at end-Oct-25. The stronger dollar reflected reduced expectations for another rate cut after the Fed Chair Jerome Powell's cautious and less dovish post-meeting remarks suggesting that another move in Dec-25 is far from certain particularly due to concerns over persistent upside inflation risks. Additional support for the dollar was from the US-China trade summit, which President Donald Trump described the talks as "amazing" boosting market confidence and pushing the DXY to above 100, the highest level since early Aug-25. However, the dollar upward momentum later reversed lower in the mid-month after the release of the conflicting private employment figure, which indicated further job slashes and weaker US labour market conditions. Market observers once again priced in a lower probability of less than 50% for a potential rate cut at the Dec-25 FOMC meeting after official job market update signals strong job growth and lower initial jobless claims, resulting in the DXY dollar index rising back to above 100 level. In the final 10 days of Nov-25, there was a significant turnaround in market expectations and sentiment, as the probability for Dec-25 rate cut surged back to above 80% following a hawkish statement by the New York Fed President John Williams, who is in favour of further policy easing. As a result, US dollar weakened in the final week, with the DXY index closing the month lower at 99.46.

Most major currencies gained against the US dollar

On the back of a weaker US dollar, most major currencies strengthened in Nov-25. Among the major currencies, the euro strengthened by +0.5%mom, and the pound sterling appreciated by +0.1%mom. However, most of the regional currencies weakened against the US dollar; the biggest depreciation was recorded by the Thai baht (-2.1%mom), Chinese yuan (-2.5%mom), and the Indonesian rupiah (-0.8%mom). Other Asian currencies like the Taiwan dollar (+1.3%mom) also strengthened during the month.

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

	2021	2022	2023	2024	Nov-25	YTD Change	MoM Change
DXY	95.67	103.52	101.33	108.49	99.46	-8.3%	-0.3%
EURUSD	1.137	1.071	1.104	1.035	1.160	+12.0%	+0.5%
GBPUSD	1.377	1.468	1.468	1.616	1.527	+5.9%	+0.1%
USDAUD	1.353	1.208	1.273	1.252	1.324	+5.7%	+0.6%
USDJPY	1.349	1.340	1.320	1.366	1.297	+5.3%	+0.3%
USDSGD	1.264	1.355	1.324	1.438	1.398	+2.9%	+0.2%
USDCAD	115.08	131.12	141.04	157.20	156.18	+0.7%	-1.4%
USDTWD	4.166	4.404	4.594	4.472	4.133	+8.2%	+1.3%
USDMYR	27.68	30.72	30.71	32.79	32.20	+5.9%	+0.5%
USDTHB	33.41	34.61	34.14	34.10	31.40	+4.4%	-2.1%
USDKRW	1,189	1,266	1,288	1,472	7.075	+3.2%	+0.6%
USDCNY	6.356	6.899	7.100	7.299	1,467	+0.3%	-2.5%
USDPHP	50.99	55.73	55.39	57.84	58.64	-1.4%	+0.4%
USDIDR	22,826	23,633	24,269	25,485	26,365	-3.3%	-0.2%
USDVND	14,253	15,568	15,397	16,102	16,660	-3.3%	-0.2%
USDINR	74.34	82.74	83.21	85.61	89.46	-4.3%	-0.8%

Source: Bloomberg, MBSBR

Ringgit resumed its appreciating trend in Nov-25, strengthening for the fourth consecutive month

The ringgit appreciated by +1.3%mom in Nov-25, closing the month at RM 4.133 (end-Oct-25: RM 4.189). In the first 11 months of this year, the ringgit gained by +8.2%ytd against the US dollar (Oct-25: +6.8%ytd), as last month's performance was explained by the weakening of the dollar as Fed is expected to cut further. Although the FOMC decided to reduce its fed funds rate by -25bps to 3.75-4.00% at end-Oct-25, sentiment at the start of the month of Nov-25 was more affected by the Fed Chair Jerome Powell's cautious and less dovish post-meeting remarks, resulting in lower expectations for another rate cut in Dec-25. Renewed expectations for Dec-25 rate cut later supported the ringgit to strengthen towards the end of the month, gaining on the back of weaker US dollar. On another note, the ringgit appreciation was also influenced by the positive sentiment from the finalisation of the Malaysia-US trade deal, supporting the ringgit in the early part of the month despite diminished expectations on Fed's rate cuts. The ringgit traded within a range of RM4.130 – RM4.200 last month, with sustained strengthening pressure through the third week of Nov-25, where the local currency briefly tested the resistance of the RM4.130 threshold on three occasions. In the early part of the month, the ringgit gradually strengthened towards RM4.11, hitting the lowest level for the month and retracing back towards RM4.18, which later closed the month lower at RM4.130. Domestically, the latest data releases continued to signal strength in economic activity, consistent with the release of the robust 3QCY25 GDP growth and the stronger-than-expected Oct-25 external trade performance. Meanwhile, the BNM MPC decided to keep the OPR rate unchanged and provided somewhat positive forward guidance for the local currency.

Ringgit also gained against other currencies

The ringgit also strengthened against currencies of Malaysia's major trading partners as as our MBSB Trade-Weighted Ringgit Index (TWRI) increased by +1.7%mom to 97.23 (Oct-25: 95.58). The appreciation was seen mainly against the Korean won (+4.4%mom), Taiwan dollar (+3.5%mom), and the Japanese yen (+2.8%mom). We opine the broad 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	Nov-25	YTD Change	MoM Change
USDMYR	4.166	4.404	4.594	4.472	4.133	+8.2%	+1.3%
CADMYR	3.271	3.251	3.467	3.113	2.944	+5.7%	+1.6%
SGDMYR	3.086	3.283	3.478	3.286	3.184	+3.2%	+1.2%
GBPMYR	5.631	5.299	5.837	5.615	5.459	+2.9%	+0.8%
EURMYR	4.719	4.693	5.076	4.659	4.780	-2.5%	+1.4%
TRYMYR	0.312	0.235	0.155	0.126	0.097	+30.2%	+2.6%
LKRMYR	0.021	0.012	0.014	0.015	0.013	+13.7%	+2.6%
NPRMYR	0.035	0.033	0.035	0.033	0.029	+13.0%	+2.3%
VNDMYR	0.183	0.187	0.189	0.175	0.157	+11.9%	+1.6%
IDRMYR	0.029	0.028	0.030	0.028	0.025	+11.9%	+1.7%
BDTMYR	4.831	4.271	4.181	3.721	3.381	+10.3%	+1.7%
PHPMYR	0.082	0.079	0.083	0.077	0.071	+9.4%	+1.1%
KRWMYR	0.350	0.350	0.356	0.303	0.281	+8.0%	+4.4%
JPYMYR	3.620	3.358	3.255	2.846	2.646	+7.6%	+2.8%
CNYMYR	0.655	0.638	0.646	0.613	0.584	+4.9%	+0.8%
TWDMYR	0.151	0.143	0.150	0.136	0.132	+3.6%	+3.5%
THBMYR	12.56	12.75	13.40	13.02	12.83	+1.5%	+1.0%

Source: Bloomberg, MBSBR

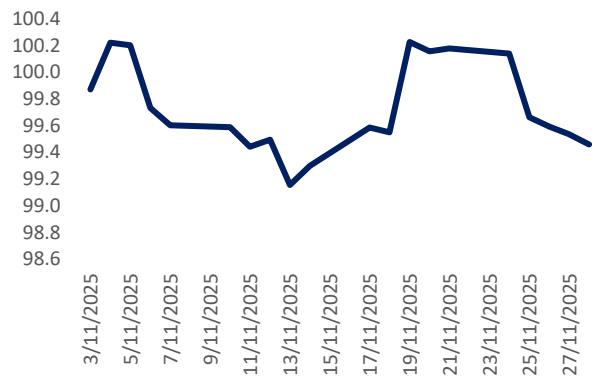
Net outflows of foreign funds from the equity market in Nov-25

On the back of the rising uncertainty in the global trade war and the heightened demand for safe assets, Malaysia's equity market recorded a net outflow of -USD271m in Nov-25 (Oct-25: -RM647m), recording a slower net outflow. Based on the latest data, foreign holdings of Malaysian debt increased by +RM4.4b to RM291.7b in Oct-25 (Sept-25: RM287.3b) of total outstanding government bonds. The MGS yield curve moved slightly lower last month, tracking the movement of the UST yields. The MGS10Y yield movements were heavily influenced by the return of expectations for a Dec-25 policy easing by the Fed. While UST10Y yield experienced a rapid decline as the 10-year UST10Y yield falling dramatically from 4.14% to 4.00%. The MGS10Y followed the downward UST trend but exhibited a more moderate pace of decline, reflecting a controlled domestic market response to the external shift in Fed outlook.

Ringgit to continue appreciating towards the end of the year

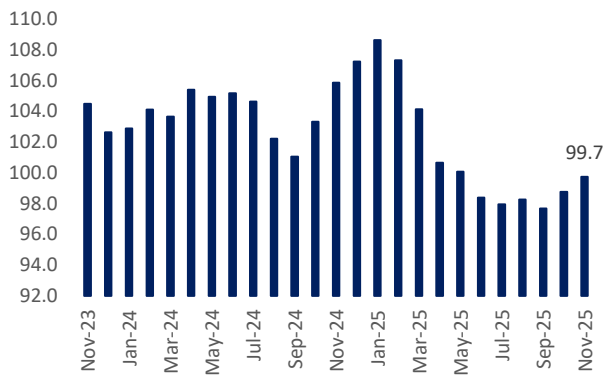
We are keeping our base case for the Ringgit to strengthen further against the US dollar, averaging the year around RM4.25 (2024: RM4.56). The primary catalyst driving this sustained appreciation bias is the expected narrowing of the US-Malaysia interest rate differential. This projection is fundamentally based on the US Federal Reserve delivering one additional rate cut this year, while Bank Negara Malaysia (BNM) is anticipated to hold its Overnight Policy Rate (OPR) steady at 2.75%. Recent positive economic momentum has significantly raised the upside risk for the Ringgit. This could push the ringgit to end the year at a level stronger than RM4.09. This positive expectation is also supported by Malaysia's robust economic fundamentals but likely constrained by potential delays in US rate cuts due to persistent buildup in inflationary pressures and ongoing external uncertainties. On a broader note, we forecast an increase in our MBSB Trade-Weighted Ringgit Index (TWRI) to 95.0 by year-end (end-2024: 91.56) 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. According to the latest commentary from BNM, the domestic economy is projected to remain robustly supported. Amid inflation and solid economic growth, the positive fundamentals supported the ringgit to strengthen against its peers and major trading currencies.

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



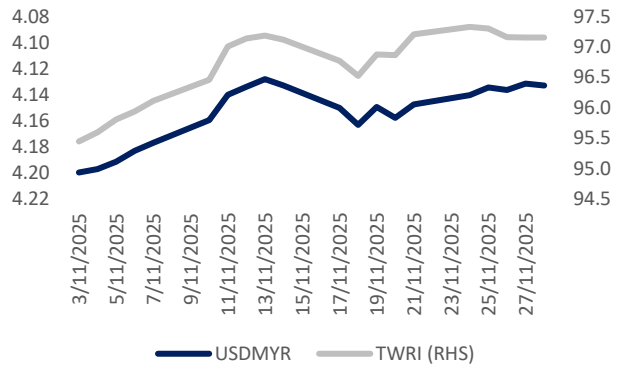
Source: Bloomberg, MBSBR

Chart 2: Monthly Average of DXY Dollar Index



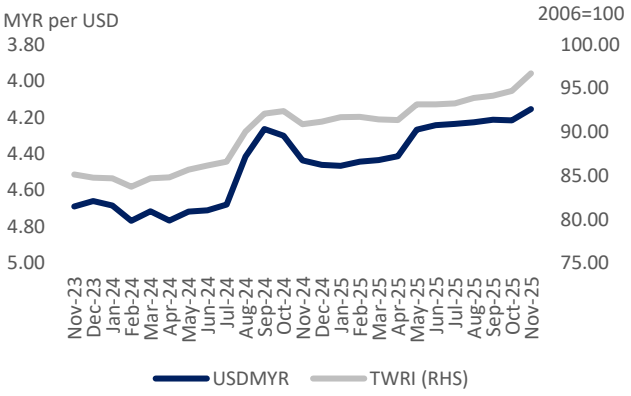
Source: Bloomberg, MBSBR

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



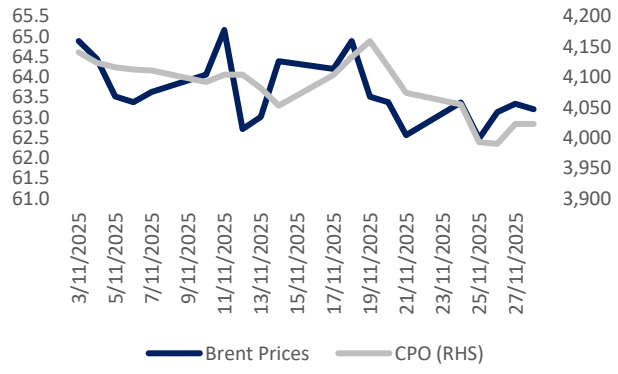
Source: Bloomberg, MBSBR

Chart 4: USDMYR vs MBSB TWRI Monthly Average



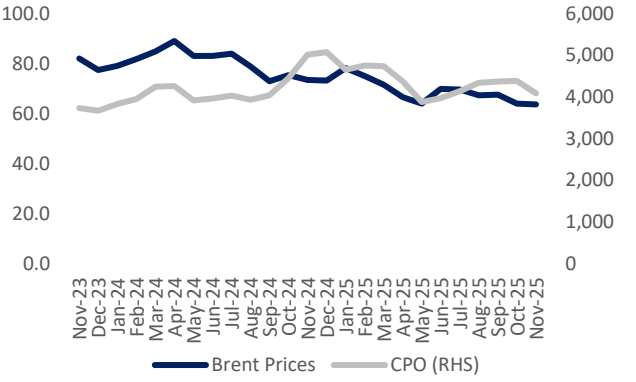
Source: Bloomberg, MBSBR

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



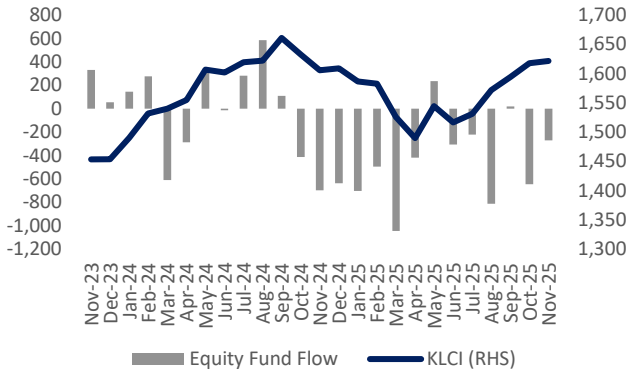
Source: Bloomberg, MBSBR

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



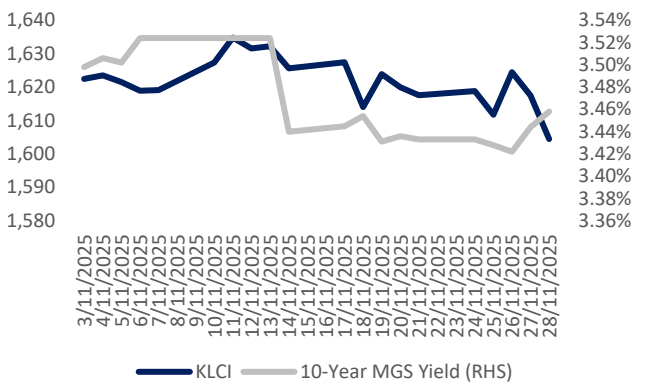
Source: Bloomberg, MBSBR

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



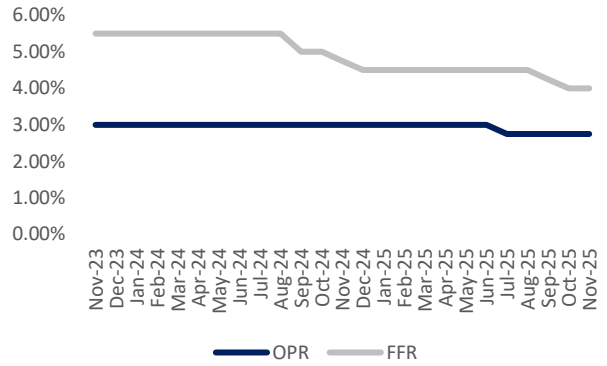
Source: Bloomberg, MBSBR

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



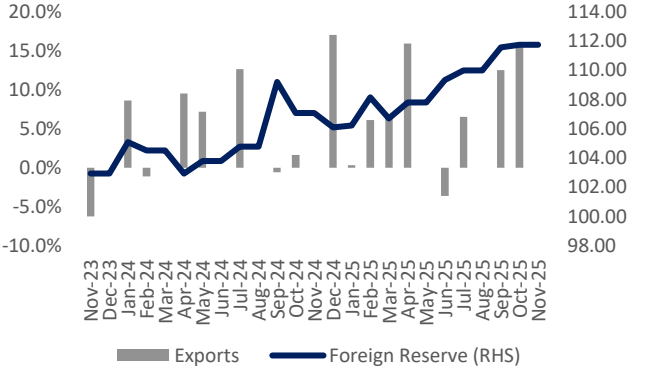
Source: Bloomberg, MBSBR

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



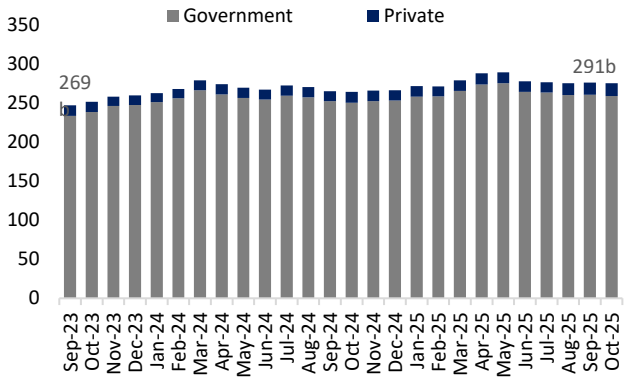
Source: Bloomberg, MBSBR

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



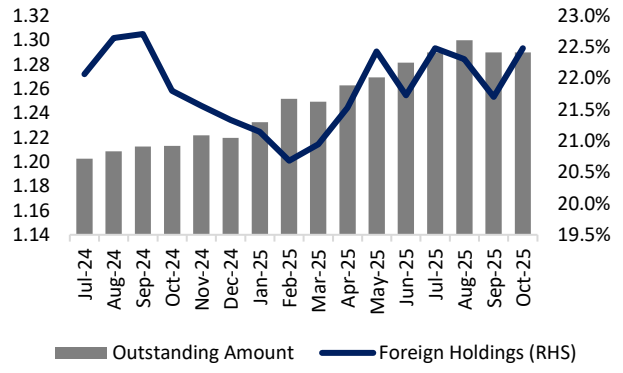
Source: Bloomberg, IMF, MBSBR

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

NOVEMBER 2025 KEY ECONOMIC EVENTS

2 Nov: What did Trump, Xi agree to on tariffs, export controls and fentanyl. The White House on Saturday released details about the agreement that U.S. President Donald Trump reached this week with Chinese President Xi Jinping to de-escalate their countries' trade war, including U.S. tariff reductions and a pause in Beijing's new restrictions on rare earth minerals and magnets.

3 Nov: Targeted diesel subsidy to save govt up to RM4b annually, says Lim. The government expects to save between RM2 billion and RM4 billion a year through the implementation of the Individual Diesel Subsidy Assistance (BUDI) system.

4 Nov: Amir Hamzah: 98% of SARA recipients spent RM3.66b to buy necessities. A total of RM3.66 billion has been spent by 98 percent of monthly recipients of the Sumbangan Asas Rahmah (SARA) aid across the country to purchase necessities using their MyKad up until yesterday (Nov 3).

6 Nov BNM keeps overnight policy rate unchanged as unanimously expected amid resilient economy, tame inflation. Malaysia's central bank kept the benchmark interest rate unchanged as expected on Thursday, drawing comfort from resilient economic growth and tame inflation.

7 Nov: RM1.99b in online sales for Malaysian goods in 2024. Sales of locally made products through e-commerce platforms reached RM1.99 billion last year, following collaboration between the Ministry of Domestic Trade and Cost of Living (KPDN) and platform providers under the 2024 Buy Malaysian Goods Campaign (KBBM).

7 Nov: BNM's international reserves at US$123.8b as at Oct 31. The international reserves of Bank Negara Malaysia (BNM) amounted to US$123.8 billion as at Oct 31, 2025, compared to US$123.4 billion as of Oct 15, 2025.

11 Nov: Zafrul: Central region industrial cluster development initiative to strengthen Malaysia's ecosystem. The central region industrial cluster development initiative is set to strengthen ecosystems by deepening supply chains, directly supporting local enterprises to scale, said Investment, Trade and Industry Minister Tengku Datuk Seri Zafrul Abdul Aziz.

12 Nov: MITI 3Q Report Highlights Strong Export, Digital Investment Growth. Malaysia's economy continues to demonstrate strong resilience, with growth seen in exports and digital investments under the New Industrial Master Plan (NIMP) 2030.

13 Nov Trump signs deal to end longest US government shutdown in history. President Donald Trump on Wednesday signed legislation ending the longest government shutdown in U.S. history, hours after the House of Representatives voted to restart disrupted food assistance, pay hundreds of thousands of federal workers and revive a hobbled air-traffic control system.

14 Nov: Malaysia's Services Trade Returns To Surplus, Supporting RM12.2 Bln Current Account Surplus In 3Q 2025 -- DOSM. Malaysia's services trade returned to surplus after 56 quarters, supporting a RM12.2 billion current account surplus in the third quarter (3Q) 2025, said the Department of Statistics Malaysia (DOSM).

15 Nov: IMF keeps real GDP growth forecasts for Malaysia at 4.5% in 2025, 4% in 2026. The International Monetary Fund (IMF) has maintained its projections for Malaysia's real gross domestic product (GDP) growth at 4.5% in 2025 and 4.0% in 2026. According to the October 2025 World Economic Outlook (WEO) update released on Tuesday titled "Global Economy in Flux, Prospects Remain Dim", the IMF had previously set Malaysia's 2024 GDP growth at 5.1%.

17 Nov: Federal-state committee set up to implement Sabah's 40% revenue claim, says Fadillah. A special committee involving the federal and state governments has been established to discuss the mechanism for implementing Sabah's 40% net revenue claim as outlined in the Malaysia Agreement 1963 (MA63), said Deputy Prime Minister Datuk Seri Fadillah Yusof.

18 Nov: US-Malaysia ART Doesn't Prevent Malaysia from Trading, Negotiating with Other Countries -- PM Anwar. Prime Minister Datuk Seri Anwar Ibrahim emphasised that the United States-Malaysia Agreement on Reciprocal Trade (ART) does not prevent Malaysia from negotiating or trading with other countries, including China.

20 Nov Many Fed policymakers at last meeting were opposed to December rate cut. A divided Federal Reserve cut interest rates last month even as policymakers cautioned that doing so could risk entrenched inflation and a loss of public trust in the U.S. central bank, the minutes from its October 28-29 meeting showed on Wednesday.

21 Nov: Consumer Credit Oversight Board expects Consumer Credit Bill 2025 to take effect in 1Q2026. The Consumer Credit Bill 2025, which provides broader consumer protection by regulating excessive fees and through the practice of ethical debt collection, is expected to take effect in the first quarter of 2026 (1Q2026), the Consumer Credit Oversight Board (CCOB) said.

24 Nov: Port Klang makes world's top 10 list as record volumes lift Malaysia's maritime hub. Port Klang has officially secured its place among the world's Top 10 container ports in the Lloyds List of the World's Top 100 Ports 2025, with the historic milestone being reached with the handling of 14.64 million twenty-foot equivalent units (TEUs) in 2024.

26 Nov: Government Attracts Over RM70.7 Bln in Investments Through NSS As of June 2025 — Lim. The government has successfully attracted more than RM70.7 billion in investments under the National Semiconductor Strategy (NSS) since its launch last year until June 2025.

29 Nov Fed Dovish Shift Lifts Market Sentiment. Investor sentiment improved markedly this week as expectations for a U.S. Federal Reserve rate cut in December strengthened, driven by dovish remarks from New York Federal Reserve President John Williams.

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