Ringgit Weekly Outlook

Hormuz de-escalation supports MYR, but Fed risk caps gains

Overview

- **Performance:** MYR held broadly flat near 4.09/USD, as easing geopolitical risks offset lingering uncertainty over the Fed outlook.
- **Market Dynamics:** Optimism over a potential Strait of Hormuz agreement lifted global risk sentiment and pushed Brent sharply lower, to an average of around USD81/bbl this week from above USD90/bbl last Friday. The ringgit nevertheless traded broadly flat near 4.09/USD, as the market continues to price a September Fed hike, a view we disagree with, as our base case is for an extended pause. This suggests US rate expectations, not energy prices, are now driving USD direction. Investors stayed cautious ahead of tonight's US payrolls report, leaving USDMYR range bound.
- **Data Watch:** Tonight's US payrolls report is the immediate focus. Consensus expects around 80k jobs, though softer ADP and ISM services data point to downside risks. Attention then shifts to next week's US CPI, where we expect only modest monthly gains, reinforcing our call for an extended Fed pause. Domestically, IPI, labour market, retail sales and final 2Q26 GDP data could lend additional support to the ringgit if they surprise on the upside.
- **Outlook:** Our baseline assumes negotiations continue to contain risks around the Strait of Hormuz without disrupting global energy supply. Softer labour market conditions and only modest inflation should reinforce our view that the Fed remains on an extended pause. This diverges from current market pricing of a September hike, and is the key swing factor behind our ringgit-strength bias. Supportive domestic data may encourage selective capital inflows as external risks gradually ease. We expect USDMYR to trade within 4.07-4.10, with risks skewed towards modest ringgit strength.
- **Technical:** Range-bound. Holding above 5-day EMA.

Table 1: Currency Outlook

Long Term*							
	Q2-26	Q3-26F	Q4-26F	Q1-27F	Q2-27F	Q3-27F	Trend
USDMYR	4.08	4.03	3.95	4.00	4.02	3.95	▼

Short Term (Technical)							
	RSI (7)	EMA (5)	R1	R2	S1	S2	Trend
USDMYR	49.598	4.091	4.094	4.099	4.088	4.085	―

Signal for USD Trend = ▲ Bullish ― Neutral ▼ Bearish

**F=Forecasts for end of period*

Source: Kenanga Research, Bloomberg

RSI (7): 7-day Relative Strength Index

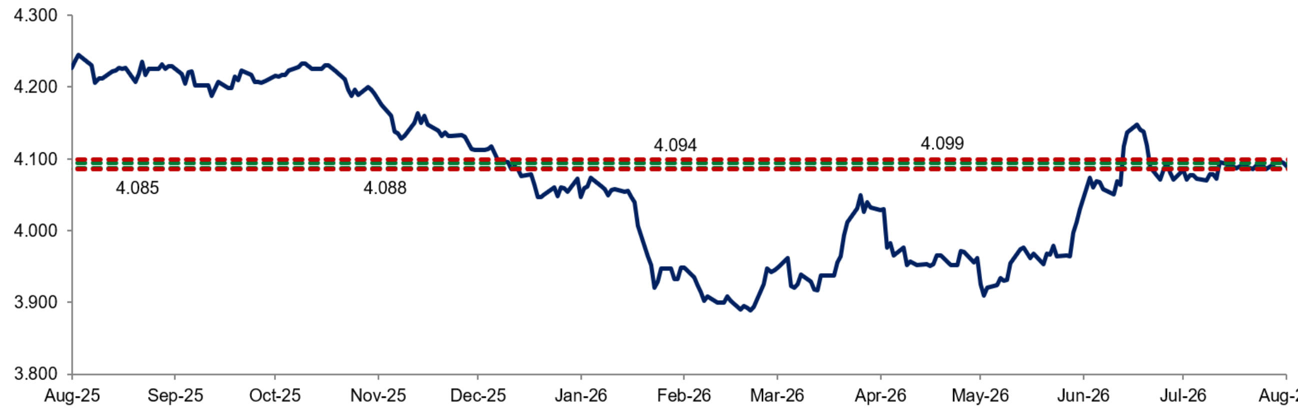
Measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

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.

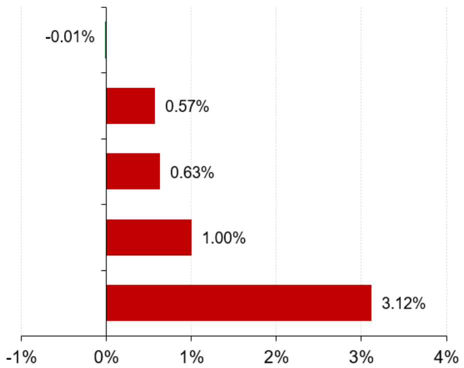
$$EMA = (P \times \alpha) + [Previous\ EMA\ \times (1 - \alpha)]$$

Graph 1: USDMYR Trend



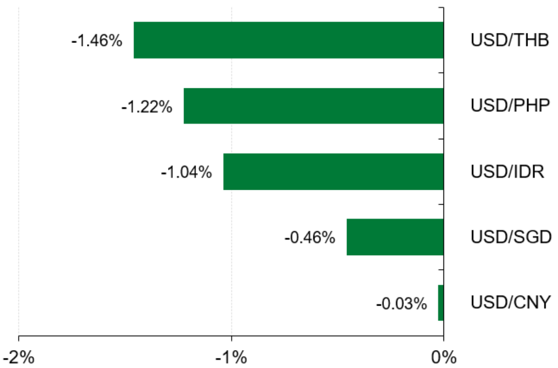
Source: Kenanga Research, Bloomberg

Graph 2: Weekly Core Pairs' Performance



Source: Kenanga Research, Bloomberg

Graph 3: Weekly Regional Peers' Performance



Source: Kenanga Research, Bloomberg

Table 2: Performance of Core Pairs

Currencies	02/01/26 YTD	06/08/25 Last Year	28/04/26 Last Month	30/07/26 Last Week	06/08/26 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
MYR									
USDMYR	4.054	4.227	3.953	4.090	4.090	0.89%	-3.25%	3.47%	-0.01%
AUDMYR	2.716	2.746	2.837	2.852	2.880	6.06%	4.89%	1.54%	1.00%
GBPMYR	5.455	5.625	5.334	5.473	5.504	0.90%	-2.15%	3.19%	0.57%
EURMYR	4.752	4.897	4.622	4.690	4.719	-0.69%	-3.64%	2.10%	0.63%
JPYMYR	2.585	2.864	2.476	2.512	2.591	0.22%	-9.55%	4.64%	3.12%
SGDMYR	3.152	3.284	3.096	3.172	3.190	1.19%	-2.86%	3.02%	0.56%
ASEAN 5 + CNY + JPY									
USDIDR	16725	16362	17243	18111	17923	7.16%	9.54%	3.94%	-1.04%
USDTHB	31.524	32.373	32.512	33.55	33.060	4.87%	2.12%	1.69%	-1.46%
USDSGD	1.286	1.286	1.277	1.288	1.282	-0.30%	-0.33%	0.41%	-0.46%
USDPHP	58.862	57.507	61.285	61.57	60.816	3.32%	5.75%	-0.77%	-1.22%
USDCNY	6.989	7.182	6.837	6.752	6.750	-3.42%	-6.02%	-1.27%	-0.03%
USDJPY	156.840	147.580	159.630	162.830	157.880	0.66%	6.98%	-1.10%	-3.04%
USD									
EURUSD	1.172	1.161	1.169	1.147	1.154	-1.52%	-0.57%	-1.30%	0.59%
GBPUSD	1.346	1.332	1.348	1.339	1.346	0.04%	1.08%	-0.17%	0.53%
AUDUSD	0.669	0.651	0.717	0.698	0.704	5.21%	8.26%	-1.72%	0.93%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
9/8/2026	CN	Inflation Rate (JUL)	1.0% YoY	0.8% YoY
11/8/2026	MY	Industrial Production (JUN)	8.4% YoY	N/A
11/8/2026	MY	Unemployment Rate (JUN)	3.0%	N/A
11/8/2026	US	Existing Home Sales (JUL)	4.09m	4.06m
12/8/2026	MY	Retail Sales (JUN)	7.2% YoY	N/A
12/8/2026	US	Core Inflation (JUL)	0.0% MoM	0.2% MoM
13/8/2026	US	PPI (JUL)	-0.3% MoM	0.2% MoM
14/8/2026	MY	GDP Growth Rate Final (Q2)	5.4% YoY	N/A

Source: Kenanga Research, Trading Economics, Bloomberg

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