Ringgit Weekly Outlook

July payrolls miss builds Fed pause case, but MYR upside stays capped

Overview

- **Performance:** MYR firmed marginally to 4.087/USD from 4.091 last Friday, as dovish Fed repricing offset hawkish pushback.
- **Market Dynamics:** Last Friday's soft US payrolls, -23k vs consensus near 80k, alongside heavy downward revisions, sparked a dovish Fed repricing. The MYR strengthened briefly to around 4.086/USD before stabilising near 4.087 as in-line CPI and hawkish remarks from Fed's Beth Hammack pared the gains. This supports our view that weakening US labour and inflation momentum should eventually shift the Fed towards an extended hold. However, sticky hawkish Fed communication keeps USD positioning defensive and limits near-term ringgit upside.
- **Data Watch:** US retail sales and consumer sentiment will set the tone tonight, while next week's FOMC minutes should provide further clues ahead of Jackson Hole and the September meeting. Domestically, today's final 2Q26 GDP reading (KIBB: 5.9%; Consensus: 5.8%) and trade data are the key releases. Geopolitical risks also remain in play, as stalled US-Iran ceasefire talks threaten to disrupt oil supply and revive risk-off pressure.
- **Outlook:** Our baseline assumes softer US labour-market momentum persists, inflation stays contained, and geopolitical risks stays manageable, preserving a stable risk environment. This should encourage investors to hold carry positions and gradually trim USD exposure as Fed pricing adjusts. Market pricing of a December hike still diverges from our view, leaving room for further USD downside. We expect USDMYR to trade within 4.08-4.10, with risks skewed towards modest MYR strength.
- **Technical:** USDMYR remains neutral-to-bearish; RSI-7 at 40 signals fading momentum, and price holds below the EMA-5 at 4.09.

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	39.999	4.090	4.095	4.099	4.088	4.086	—

Signal for USD Trend = ▲ Bullish — Neutral ▼ Bearish

**F=Forecasts for end of period*

Source: Kenanga Research, Bloomberg

RSI (7): 7-day Relative Strength Index

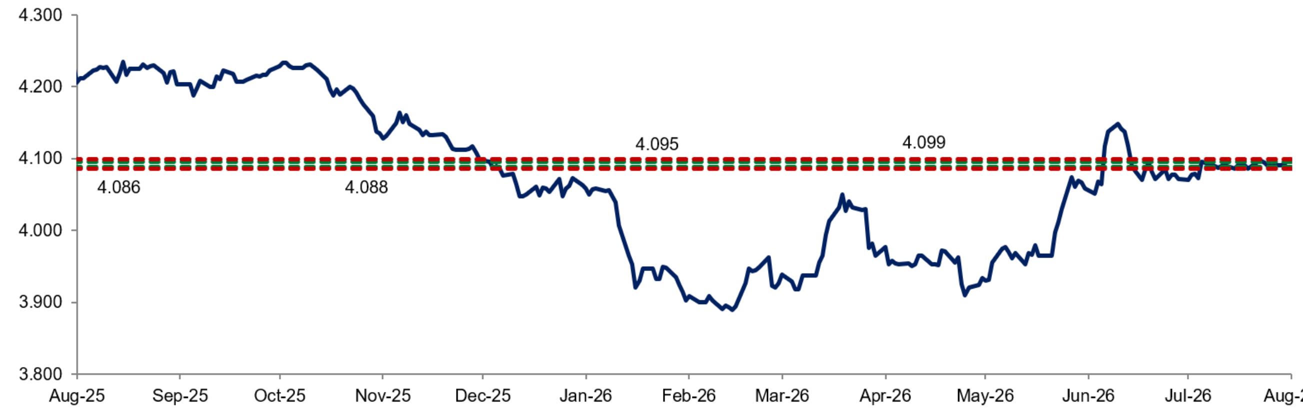
Measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

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.

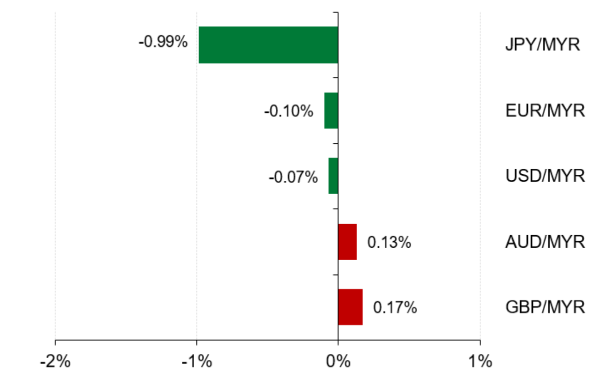
$$EMA = (P \times \alpha) + [Previous\ EMA \times (1 - \alpha)]$$

Graph 1: USDMYR Trend



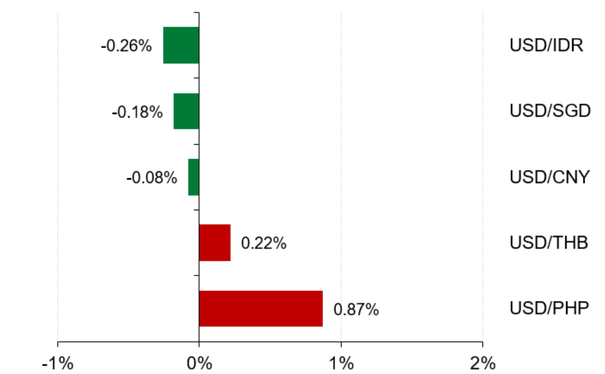
Source: Kenanga Research, Bloomberg

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	13/08/25 Last Year	28/04/26 Last Month	06/08/26 Last Week	13/08/26 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
MYR									
USDMYR	4.054	4.206	3.953	4.090	4.087	0.82%	-2.84%	3.40%	-0.07%
AUDMYR	2.716	2.761	2.837	2.880	2.884	6.20%	4.46%	1.67%	0.13%
GBPMYR	5.455	5.712	5.334	5.504	5.513	1.08%	-3.47%	3.37%	0.17%
EURMYR	4.752	4.934	4.622	4.719	4.714	-0.79%	-4.45%	2.00%	-0.10%
JPYMYR	2.585	2.853	2.476	2.591	2.565	-0.77%	-10.11%	3.60%	-0.99%
SGDMYR	3.152	3.288	3.096	3.190	3.193	1.28%	-2.90%	3.12%	0.09%
ASEAN 5 + CNY + JPY									
USDIDR	16725	16202	17243	17923	17877	6.89%	10.34%	3.68%	-0.26%
USDTHB	31.524	32.273	32.512	33.06	33.132	5.10%	2.66%	1.91%	0.22%
USDSGD	1.286	1.280	1.277	1.282	1.280	-0.47%	-0.01%	0.23%	-0.18%
USDPHP	58.862	56.748	61.285	60.816	61.345	4.22%	8.10%	0.10%	0.87%
USDCNY	6.989	7.177	6.837	6.750	6.745	-3.49%	-6.02%	-1.35%	-0.08%
USDJPY	156.840	147.410	159.630	157.880	159.350	1.60%	8.10%	-0.18%	0.93%
USD									
EURUSD	1.172	1.172	1.169	1.154	1.154	-1.56%	-1.54%	-1.34%	-0.04%
GBPUSD	1.346	1.357	1.348	1.346	1.349	0.25%	-0.57%	0.04%	0.22%
AUDUSD	0.669	0.656	0.717	0.704	0.706	5.41%	7.63%	-1.54%	0.18%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
17/8/2026	JP	GDP Growth Rate Preliminary (Q2)	0.5% QoQ	0.5% QoQ
17/8/2026	CN	Retail Sales (JUL)	1.0% YoY	1.5% YoY
17/8/2026	MY	Inflation Rate (JUL)	1.9% YoY	1.8% YoY*
18/8/2026	US	Housing Starts (JUL)	1.427m	1.350m
19/8/2026	UK	Inflation Rate (JUL)	2.6% YoY	2.9% YoY
20/8/2026	US	FOMC Minutes	N/A	N/A
20/8/2026	CN	Loan Prime Rate 1Y	3.00%	3.00% (status quo)
20/8/2026	MY	Exports (JUL)	45.4% YoY	N/A

Source: Kenanga Research, Trading Economics, Bloomberg
**KIBB*

For further information, please contact:

Wan Suhaimie Wan Mohd Saidie
Head of Economic Research
wansuhaimi@kenanga.com.my

Muhammad Saifuddin Sapuan
Economist
saifuddin.sapuan@kenanga.com.my

Afiq Asyraf Syazwan Abd. Rahim
Economist
afiqasyraf@kenanga.com.my

Nurul Hanees Hairulkama
Economist
nurulhanees@kenanga.com.my

Published by:

KENANGA INVESTMENT BANK BERHAD (15678-H)
Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia
Telephone: (603) 2172 0880   Website: www.kenanga.com.my   E-mail: research@kenanga.com.my