

Ringgit Weekly Outlook

Set to stay on the back foot as Fed Hawkishness and Iran uncertainty persist

Overview

- Performance:** MYR traded slightly weaker within 3.96-3.98/USD as elevated US yields and firm oil prices supported the USD.
- Market Dynamics:** Escalating US-Iran tensions and persistent inflation concerns kept global bond markets under pressure. Higher US Treasury yields reinforced broad USD demand, limiting EMFX recovery despite intermittent de-escalation headlines. Markets increasingly viewed the inflation shock as structural rather than fiscal-driven, supporting expectations of a prolonged restrictive Fed stance. FX positioning stayed defensive as stable DXY levels and ongoing foreign inflows into US assets supported USD resilience.
- Data Impact:** Attention turns to US inflation expectations and next week's core PCE release for confirm whether on whether inflation pressures remain entrenched. Fed pricing has also turned more hawkish, with markets no longer fully pricing rate cuts and starting to price in renewed tightening risks through late-2026. Meanwhile, Middle East developments remain the key macro catalyst for bonds and FX sentiment. Malaysia's domestic macro backdrop remains relatively stable and secondary to external drivers.
- Outlook:** We expect US-Iran negotiations to remain uncertain, keeping oil prices elevated and global risk sentiment fragile. Sticky inflation and higher real US yields should continue supporting the USD amid restrictive Fed expectations. Investor positioning is also expected to remain cautious as markets reassess the durability of USD safe-haven demand. We expect USDMYR to trade within 3.95-3.98, with ringgit downside tied to renewed geopolitical escalation or further hawkish Fed repricing.
- Technical:** USDMYR turned neutral again, with immediate support at 3.954 and resistance at 3.971.

Table 1: Currency Outlook

Long Term*							
	Q1-26	Q2-26F	Q3-26F	Q4-26F	Q1-27F	Q2-27F	Trend
USDMYR	4.05	4.00	3.98	3.95	4.00	4.02	▼
Short Term (Technical)							
	RSI (7)	EMA (5)	R1	R2	S1	S2	Trend
USDMYR	54.392	3.961	3.971	3.982	3.954	3.948	—

Signal for USD Trend = ▲ Bullish — Neutral ▼ Bearish

*F=Forecasts for end of period

Source: Kenanga Research, Bloomberg

RSI (7): 7-day Relative Strength Index

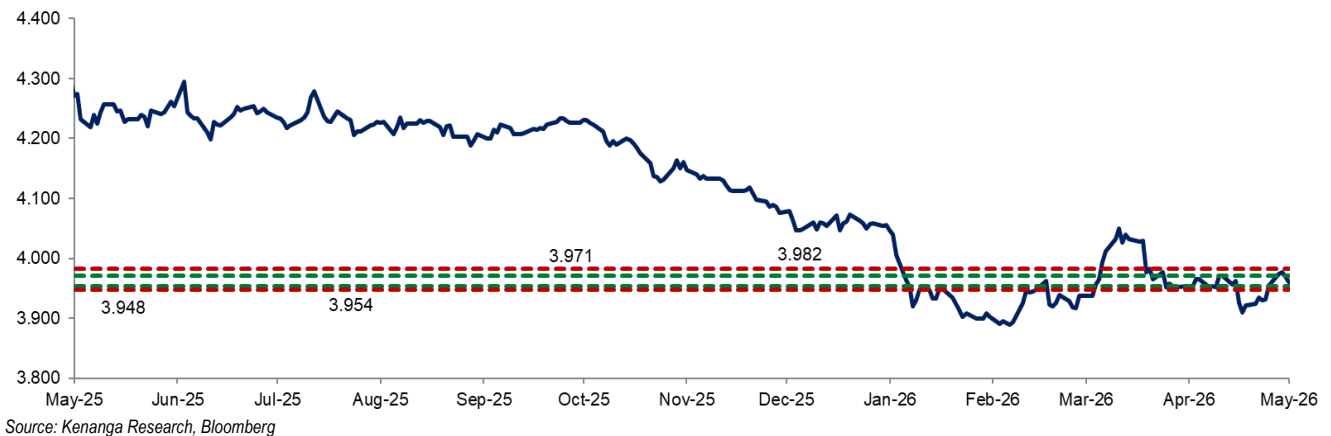
Measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

EMA (5): 5-day Exponential Moving Average

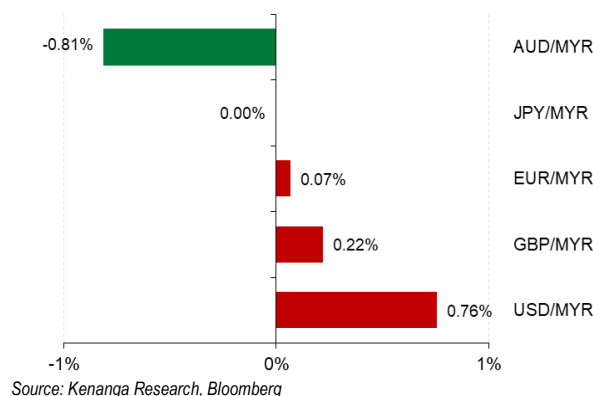
EMA gives more weight to the most recent periods, places more emphasis on what has been happening lately. Old data points retain a multiplier even if they are outside of the selected data series length.

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

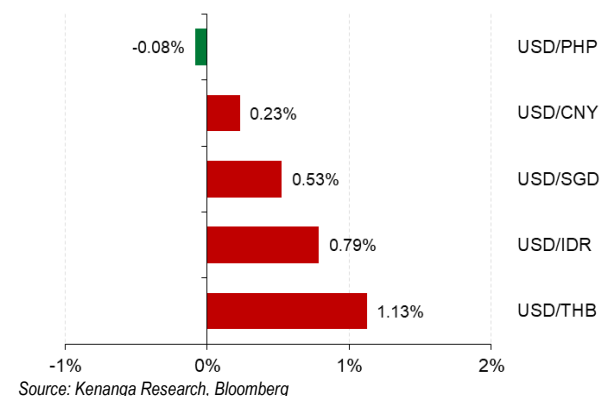
Graph 1: USDMYR Trend



Graph 2: Weekly Core Pairs' Performance



Graph 3: Weekly Regional Peers' Performance



22 May 2026

Table 2: Performance of Core Pairs

Currencies	02/01/26 YTD	21/05/25 Last Year	28/04/26 Last Month	14/05/26 Last Week	21/05/26 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
MYR									
USDMYR	4.054	4.271	3.953	3.932	3.961	-2.28%	-7.25%	0.22%	0.76%
AUDMYR	2.716	2.750	2.837	2.849	2.825	4.04%	2.75%	-0.39%	-0.81%
GBPMYR	5.455	5.727	5.334	5.311	5.323	-2.42%	-7.06%	-0.20%	0.22%
EURMYR	4.752	4.841	4.622	4.603	4.606	-3.06%	-4.85%	-0.34%	0.07%
JPYMYR	2.585	2.973	2.476	2.489	2.489	-3.69%	-16.26%	0.55%	0.00%
SGDMYR	3.152	3.309	3.096	3.088	3.098	-1.72%	-6.38%	0.06%	0.33%
ASEAN 5 + CNY + JPY									
USDIDR	16725	16399	17243	17529	17667	5.63%	7.73%	2.46%	0.79%
USDTHB	31.524	32.765	32.512	32.334	32.698	3.72%	-0.20%	0.57%	1.13%
USDSGD	1.286	1.289	1.277	1.273	1.280	-0.47%	-0.71%	0.23%	0.53%
USDPHP	58.862	55.66	61.285	61.641	61.590	4.63%	10.65%	0.50%	-0.08%
USDCNY	6.989	7.202	6.837	6.787	6.803	-2.66%	-5.53%	-0.50%	0.23%
USDJPY	156.840	143.670	159.630	157.930	159.130	1.46%	10.76%	-0.31%	0.76%
USD									
EURUSD	1.172	1.134	1.169	1.171	1.161	-0.96%	2.36%	-0.74%	-0.87%
GBPUSD	1.346	1.341	1.348	1.351	1.342	-0.24%	0.08%	-0.44%	-0.65%
AUDUSD	0.669	0.645	0.717	0.724	0.713	6.45%	10.55%	-0.56%	-1.63%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
25/5/2026	MY	PPI (APR)	1.1% YoY	N/A
26/5/2026	US	S&P/Case-Shiller Home Price (MAR)	0.9% YoY	1.0% YoY
27/5/2026	US	ADP Employment Change Weekly	42.25k	N/A
28/5/2026	US	Core PCE Price Index (APR)	0.3% MoM	0.3% MoM
28/5/2026	US	GDP Growth Rate 2 nd Estimate (Q1)	0.5% QoQ	2.1% QoQ
28/5/2026	US	Personal Spending (APR)	0.9% MoM	0.5% MoM
28/5/2026	US	Personal Income (APR)	0.6% MoM	0.4% MoM
29/5/2026	MY	M3 Money Supply (APR)	5.5% YoY	N/A

Source: Kenanga Research, Trading Economics, Bloomberg

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