Ringgit Weekly Outlook

July payrolls and gulf risks set to steer the post-Fed range for MYR

Overview

- **Performance:** MYR held broadly steady near 4.09/USD as post-Fed USD weakness offset lingering Gulf-driven energy risks.
- **Market Dynamics:** The Fed held rates in a 9-3 vote. Chair Warsh argued that tighter financial conditions had already delivered part of the needed restraint. The Treasury curve steepened and the USD weakened as investors unwound precautionary positions built ahead of the meeting. Softer 2Q26 GDP and cooler core PCE reinforced expectations of an extended Fed pause, despite the hawkish dissent. The ringgit stabilised near 4.09/USD as post-FOMC USD weakness offset persistent Gulf-related oil risks.
- **Data Watch:** Next week's focus shifts to the US labour market. Consensus expects stronger payroll growth than in June, though risks skew towards a higher unemployment rate. This data will shape expectations for the September FOMC meeting, as the Fed offered little additional forward guidance this week. Meanwhile, the Gulf remains the key swing factor, as any escalation involving Iran's regional proxies could push oil prices higher, revive safe-haven USD demand and weigh on regional currencies.
- **Outlook:** Our baseline assumes Gulf tensions remain elevated without disrupting global energy supply. Cooling housing costs, moderating wage growth and easing inflation should keep the Fed on an extended pause, though the three dissenters leave a September hike in play. Investors are likely to retain some defensive USD positioning until clearer signals emerge from incoming data and geopolitical developments. We expect USDMYR to trade within 4.08-4.10, with risks skewed towards modest ringgit weakness.
- **Technical:** USDMYR remains neutral. A decisive break above 4.10 signals 4.11, while 4.08 remains the key pivot.

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	58.979	4.091	4.095	4.098	4.088	4.083	—

Signal for USD Trend = ▲ Bullish — Neutral ▼ Bearish

**F=Forecasts for end of period*

Source: Kenanga Research, Bloomberg

RSI (7): 7-day Relative Strength Index

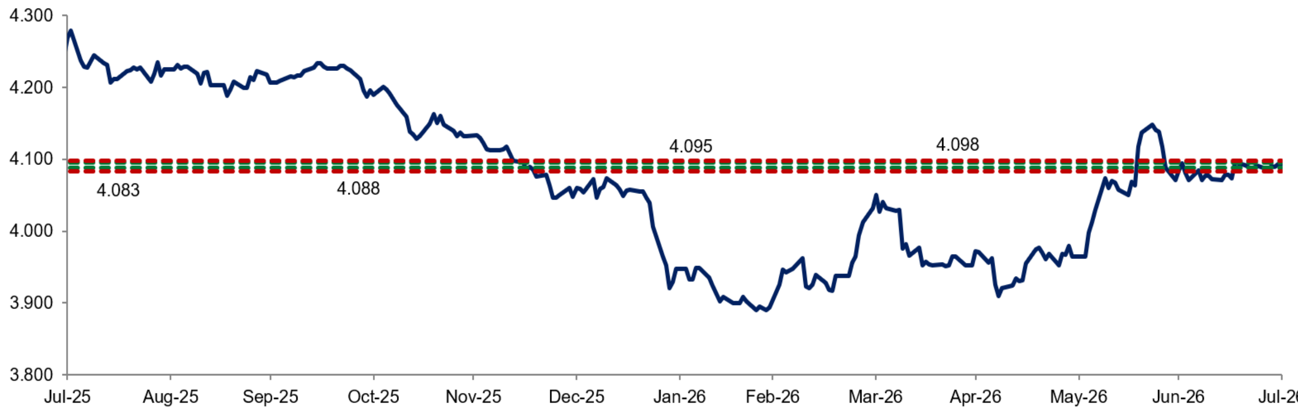
Measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

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.

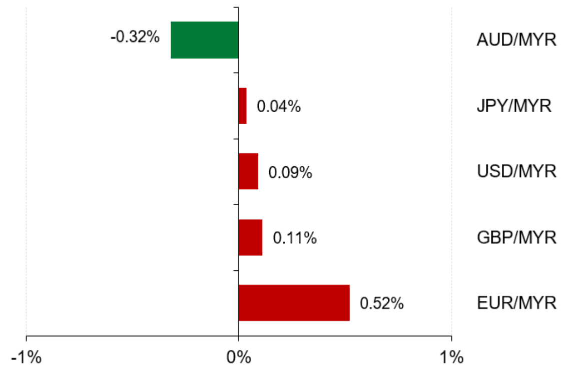
$$EMA = (P \times \alpha) + [Previous\ EMA \times (1 - \alpha)]$$

Graph 1: USDMYR Trend



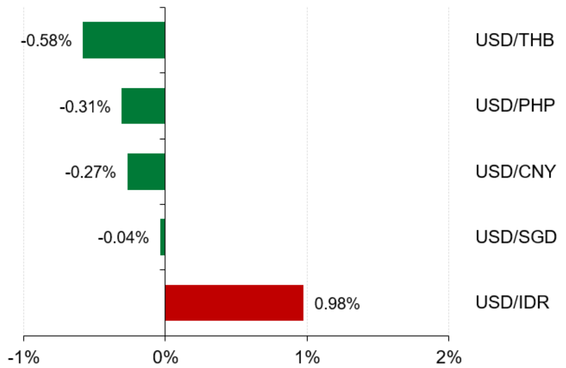
Source: Kenanga Research, Bloomberg

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	30/07/25 Last Year	28/04/26 Last Month	23/07/26 Last Week	30/07/26 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
MYR									
USDMYR	4.054	4.243	3.953	4.089	4.090	0.96%	-3.55%	3.54%	0.09%
AUDMYR	2.716	2.756	2.837	2.862	2.852	5.05%	3.51%	0.57%	-0.32%
GBPMYR	5.455	5.673	5.334	5.468	5.473	0.36%	-3.51%	2.63%	0.11%
EURMYR	4.752	4.902	4.622	4.667	4.690	-1.28%	-4.30%	1.50%	0.52%
JPYMYR	2.585	2.864	2.476	2.503	2.556	-3.14%	-12.57%	1.13%	0.04%
SGDMYR	3.152	3.294	3.096	3.168	3.172	0.64%	-3.67%	2.46%	0.13%
ASEAN 5 + CNY + JPY									
USDIDR	16725	16405	17243	17936	18111	8.29%	10.40%	5.03%	0.98%
USDTHB	31.524	32.492	32.512	33.8	33.603	6.59%	3.42%	3.36%	-0.58%
USDSGD	1.286	1.289	1.277	1.291	1.290	0.32%	0.08%	1.03%	-0.04%
USDPHP	58.862	57.585	61.285	61.761	61.570	4.60%	6.92%	0.47%	-0.31%
USDCNY	6.989	7.197	6.837	6.776	6.758	-3.31%	-6.11%	-1.16%	-0.27%
USDJPY	156.840	148.170	159.630	163.380	160.050	4.23%	10.33%	2.41%	-2.04%
USD									
EURUSD	1.172	1.154	1.169	1.140	1.152	-2.20%	-0.68%	-1.98%	0.50%
GBPUSD	1.346	1.336	1.348	1.337	1.346	-0.61%	0.08%	-0.82%	0.04%
AUDUSD	0.669	0.649	0.717	0.700	0.703	4.14%	7.38%	-2.72%	0.00%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
3/8/2026	MY	S&P Global Manufacturing PMI (JUL)	50.7	N/A
3/8/2026	CN	RatingDog Manufacturing PMI (JUL)	51.7	52.0
3/8/2026	US	ISM Manufacturing PMI (JUL)	53.3	54.0
4/8/2026	US	JOLTs Job Openings (JUN)	7.594m	N/A
5/8/2026	US	ISM Services PMI (JUL)	54.0	54.3
6/8/2026	US	Initial Jobless Claims (AUG/01)	197.0k	N/A
7/8/2026	CN	Balance of Trade (JUL)	USD125.62b	USD114.20b
7/8/2026	US	Non Farm Payrolls (JUL)	57.0k	90.0k

Source: Kenanga Research, Trading Economics, Bloomberg

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