Ringgit Weekly Outlook

Warsh holds the cards at Jackson; Iran risk caps ringgit's rally

Overview

- **Performance:** MYR surged to 4.045/USD from 4.086 last Friday, as US fiscal strains and softer Fed pricing weakened the USD.
- **Market Dynamics:** US debt crossed USD40.0t and long-end yields breached 5.30%, prompting an unscheduled Treasury buy-back. The MYR rallied to 4.045 as yields fell. Softer retail sales, inflation and employment data reduced September hike expectations, though FOMC minutes showed a hike cannot be ruled out. This confirms our view that US fiscal strain, not Fed hawkishness, now sets the USD's direction. Investors rotated into high-beta and carry trades, leaving USD positioning defensive ahead of Jackson Hole.
- **Data Watch:** Core PCE anchors a light US calendar before Jackson Hole, where Chair Warsh must finally clarify his September stance after three dissents in July. Bessent details Washington's economic campaign against Iran on Monday, targeting Tehran and any country that supplies it. Escalation would push Brent close to USD100.0/barrel, revive the USD and pressure EMFX. Domestically, a thin calendar leaves the ringgit hostage to external headlines.
- **Outlook:** We expect the Fed to hold in September and US-Iran tensions to stay short of a sustained oil shock. Treasury vigilance at the long end compresses fiscal risk premia, capping US yields and the USD. Investors should keep funding carry in EMFX. However, the MYR's sharp rally and oversold conditions leave room for profit-taking if Warsh delivers less dovish guidance. USDMYR should trade within 4.04-4.06, with an early corrective bounce likely before ringgit strength resumes, and 4.06 breaking only on Iran escalation.
- **Technical:** USDMYR turns bearish below EMA-5 resistance at 4.055; RSI-7 at 12.59 signals oversold conditions, with support at 4.040.

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	12.587	4.055	4.056	4.066	4.040	4.034	▲

Signal for USD Trend = ▲ Bullish — Neutral ▼ Bearish

**F=Forecasts for end of period*

Source: Kenanga Research, Bloomberg

RSI (7): 7-day Relative Strength Index

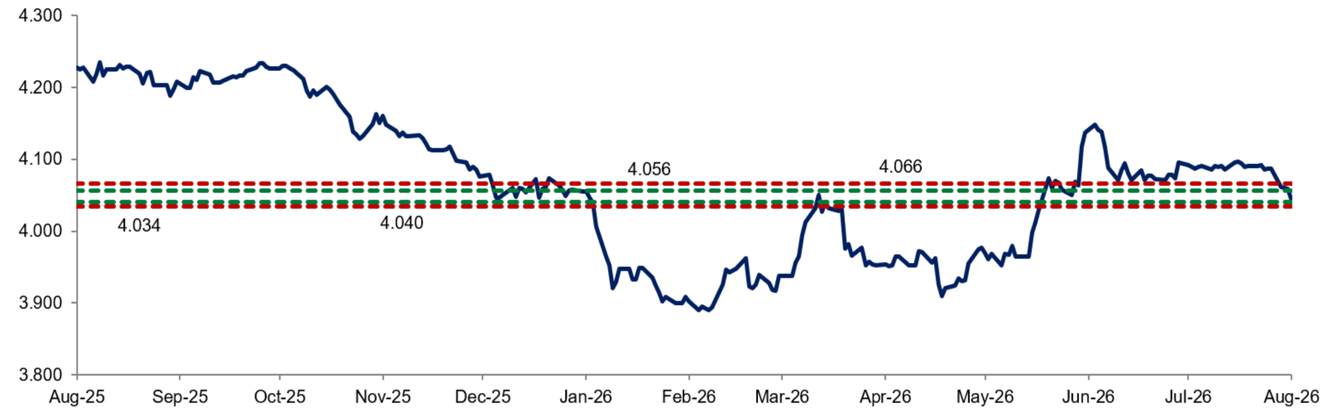
Measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

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.

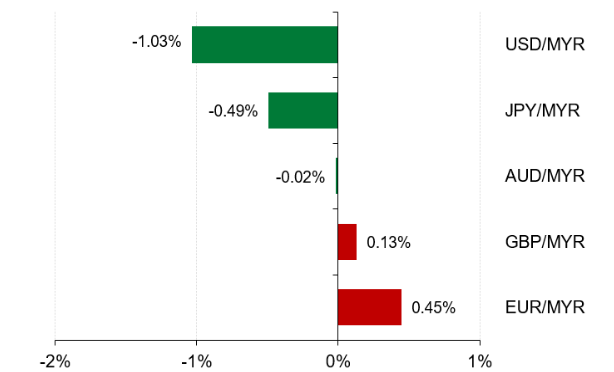
$$EMA = (P \times \alpha) + [Previous\ EMA\ \times (1 - \alpha)]$$

Graph 1: USDMYR Trend



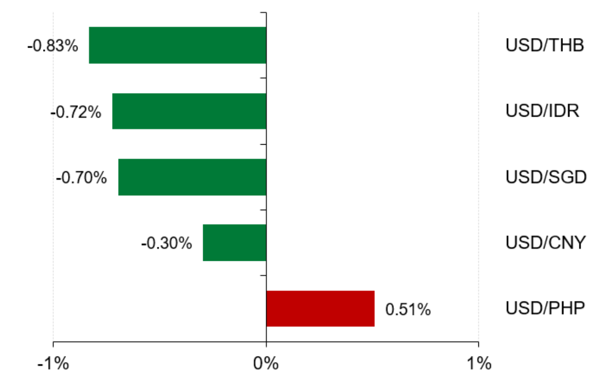
Source: Kenanga Research, Bloomberg

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	20/08/25 Last Year	28/04/26 Last Month	13/08/26 Last Week	20/08/26 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
MYR									
USDMYR	4.054	4.227	3.953	4.087	4.045	-0.22%	-4.31%	2.33%	-1.03%
AUDMYR	2.716	2.720	2.837	2.884	2.884	6.18%	6.00%	1.65%	-0.02%
GBPMYR	5.455	5.706	5.334	5.513	5.520	1.21%	-3.26%	3.50%	0.13%
EURMYR	4.752	4.922	4.622	4.714	4.735	-0.35%	-3.79%	2.45%	0.45%
JPYMYR	2.585	2.867	2.476	2.565	2.552	-1.26%	-10.97%	3.09%	-0.49%
SGDMYR	3.152	3.288	3.096	3.193	3.184	0.99%	-3.17%	2.81%	-0.29%
ASEAN 5 + CNY + JPY									
USDIDR	16725	16272	17243	17877	17748	6.12%	9.07%	2.93%	-0.72%
USDTHB	31.524	32.554	32.512	33.132	32.857	4.23%	0.93%	1.06%	-0.83%
USDSGD	1.286	1.285	1.277	1.280	1.271	-1.17%	-1.12%	-0.47%	-0.70%
USDPHP	58.862	56.982	61.285	61.345	61.658	4.75%	8.21%	0.61%	0.51%
USDCNY	6.989	7.176	6.837	6.745	6.725	-3.78%	-6.29%	-1.64%	-0.30%
USDJPY	156.840	147.450	159.630	159.350	158.470	1.04%	7.47%	-0.73%	-0.55%
USD									
EURUSD	1.172	1.165	1.169	1.154	1.170	-0.19%	0.43%	0.03%	1.40%
GBPUSD	1.346	1.350	1.348	1.349	1.364	1.40%	1.10%	1.19%	1.14%
AUDUSD	0.669	0.643	0.717	0.706	0.712	6.42%	10.71%	-0.59%	0.96%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
25/8/2026	US	S&P/Case-Shiller Home Price (JUN)	1.6% YoY	N/A
26/8/2026	US	Core PCE Price Index (JUL)	0.1% MoM	0.2% MoM
26/8/2026	US	Durable Goods Orders (JUL)	0.3% MoM	0.7% MoM
26/8/2026	US	Personal Spending (JUL)	0.3% MoM	0.2% MoM
27/8/2026	US	Initial Jobless Claims (AUG/22)	206.0k	N/A
27/8/2026	US	Jackson Hole Symposium	N/A	N/A
28/8/2026	MY	PPI (JUL)	9.2% YoY	N/A
28/8/2026	MY	M3 Money Supply (JUL)	6.7% YoY	N/A

Source: Kenanga Research, Trading Economics, Bloomberg

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