Ringgit Weekly Outlook

August CPI to test stretched Fed hike bet; ringgit relief hinges on core

Overview

- **Performance:** MYR closed Thursday at 4.065/USD from 4.045 last Friday, among EM's weakest, after touching 4.070 on Wednesday.
- **Market Dynamics:** A sharp yen rally on BoJ tightening and GPIF repatriation bets drove USDJPY below 155.0, while Houthi gains near Bab el-Mandeb lifted Brent above USD100/barrel (bbl). A smaller-than-expected Treasury buyback revived the USD on Wednesday, sending MYR to 4.070. Otherwise, the greenback stayed soft despite firm payrolls and higher energy prices. The Ringgit lagged peers even with record August bond inflows of RM15.9b, pointing to domestic repricing rather than foreign selling.
- **Data Watch:** Tonight's US August CPI is the week's decisive print. Core at or below 0.2% MoM keeps the Fed on hold next week. Thursday's PPI already leans that way, with core at 0.2% against 0.3% consensus. The positioning gap is stark. Futures price above 70.0% odds of a 25 bps hike, yet fewer than a fifth of Bloomberg survey respondents expect one. That divergence, not the print alone, defines the ringgit's risk. The BoJ follows, and we keep our 25 bps hike call.
- **Outlook:** We expect the Fed to hold next week and deliver its first cut in 2Q27. Red Sea escalation should keep Brent above USD100.0/bbl without broadening the inflation impulse. A hold would unwind much of the hike premium, compressing the USD's carry advantage and easing the pressure that pushed MYR to 4.070. Hike bets look stretched, but investors remain reluctant to add ringgit risk before the print. An in-line core reading opens 4.040-4.060, while broadening services inflation would expose 4.080.
- **Technical:** USDMYR is overbought and extended above EMA-5 at 4.064. Mean reversion favoured. Support 4.056; resistance 4.084.

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	72.694	4.064	4.084	4.093	4.056	4.037	▼

Signal for USD Trend = ▲ Bullish — Neutral ▼ Bearish

**F=Forecasts for end of period*

Source: Kenanga Research, Bloomberg

RSI (7): 7-day Relative Strength Index

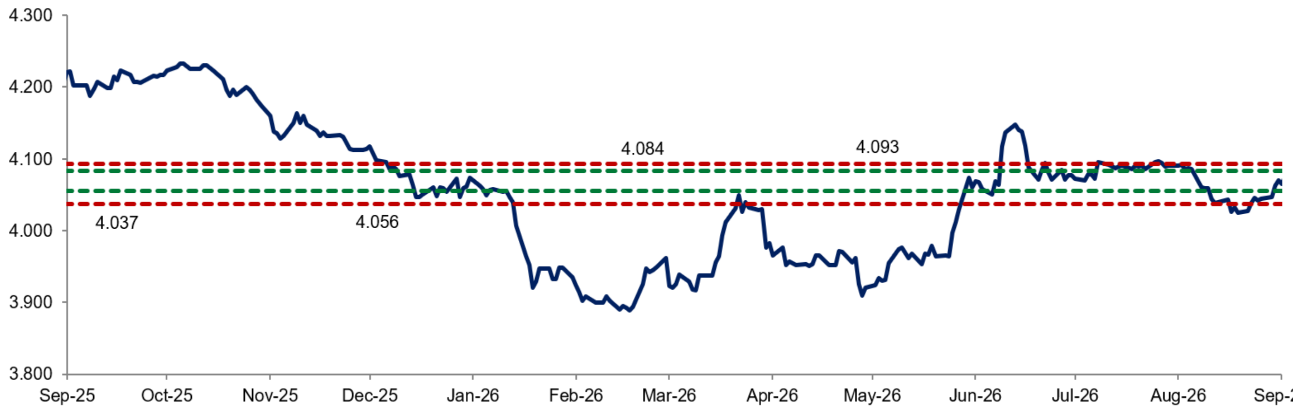
Measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

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.

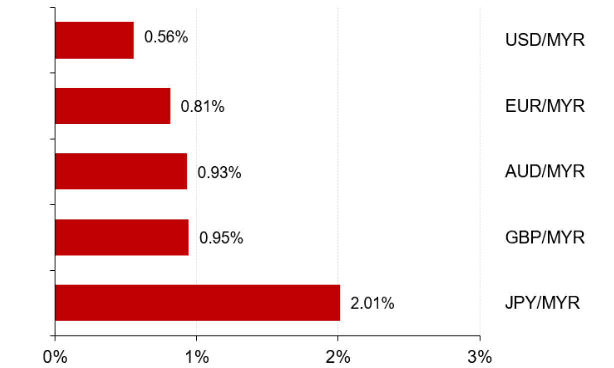
$$EMA = (P \times \alpha) + [Previous\ EMA\ \times (1 - \alpha)]$$

Graph 1: USDMYR Trend



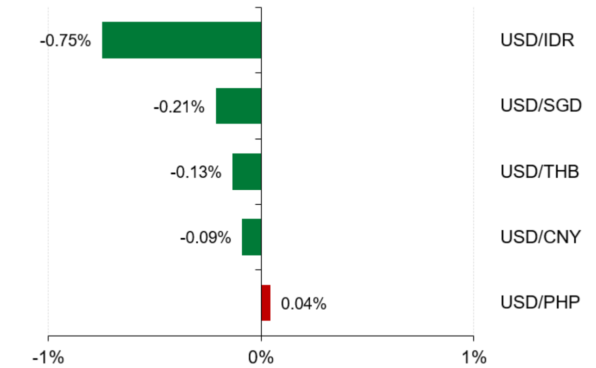
Source: Kenanga Research, Bloomberg

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	10/09/25 Last Year	28/04/26 Last Month	03/09/26 Last Week	10/09/26 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
MYR									
USDMYR	4.054	4.220	3.953	4.043	4.065	0.28%	-3.68%	2.84%	0.56%
AUDMYR	2.716	2.789	2.837	2.904	2.931	7.94%	5.11%	3.34%	0.93%
GBPMYR	5.455	5.715	5.334	5.456	5.508	0.98%	-3.62%	3.27%	0.95%
EURMYR	4.752	4.943	4.622	4.692	4.730	-0.46%	-4.32%	2.33%	0.81%
JPYMYR	2.585	2.862	2.476	2.586	2.638	2.06%	-7.81%	6.56%	2.01%
SGDMYR	3.152	3.290	3.096	3.186	3.213	1.93%	-2.33%	3.77%	0.84%
ASEAN 5 + CNY + JPY									
USDIDR	16725	16470	17243	17679	17547	4.91%	6.54%	1.76%	-0.75%
USDTHB	31.524	31.779	32.512	33.012	32.968	4.58%	3.74%	1.40%	-0.13%
USDSGD	1.286	1.283	1.277	1.269	1.266	-1.56%	-1.36%	-0.87%	-0.21%
USDPHP	58.862	57.122	61.285	62.52	62.547	6.26%	9.50%	2.06%	0.04%
USDCNY	6.989	7.121	6.837	6.718	6.712	-3.96%	-5.74%	-1.83%	-0.09%
USDJPY	156.840	147.480	159.630	156.320	154.080	-1.76%	4.48%	-3.48%	-1.43%
USD									
EURUSD	1.172	1.170	1.169	1.160	1.163	-0.78%	-0.62%	-0.56%	0.21%
GBPUSD	1.346	1.354	1.348	1.350	1.354	0.62%	0.00%	0.41%	0.33%
AUDUSD	0.669	0.660	0.717	0.719	0.720	7.58%	9.04%	0.49%	0.14%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
15/9/2026	CN	Industrial Production (AUG)	4.5% YoY	4.8% YoY
15/9/2026	CN	Retail Sales (AUG)	0.6% YoY	0.8% YoY
16/9/2026	US	Retail Sales (AUG)	-0.6% MoM	0.9% MoM
17/9/2026	US	Fed Interest Rate Decision	3.75%	3.75%* (status quo)
17/9/2026	UK	BoE Interest Rate Decision	3.75%	3.75% (status quo)
17/9/2026	US	Building Permits Preliminary (AUG)	1.433m	1.410m
18/9/2026	JP	Inflation Rate (AUG)	1.9% YoY	2.0% YoY
18/9/2026	JP	BoJ Interest Rate Decision	1.00%	1.25%* (25 bps hike)

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

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