

Ringgit Weekly Outlook

Geopolitical risk and Fed uncertainty to cap MYR around the 3.95/USD level

Overview

- Performance:** The MYR strengthened toward 3.92/USD as the DXY briefly retreated on tentative geopolitical optimism.
- Market Dynamics:** Reports of safe vessel passage through the Strait of Hormuz eased immediate energy supply fears. Brent crude pulled back from recent highs while the DXY slipped toward the 99.6 level. This short-lived easing in the risk premium temporarily reduced the greenback's safe haven appeal. Tactical position squaring then drove early flows as market participants reduced USD exposure.
- Data Impact:** Domestic macro data remains light, shifting focus to whether the current geopolitical de-escalation. While US military efforts to secure regional trade routes continue, the market wants clear evidence of a negotiated settlement. With no fresh economic catalysts, the ringgit remains highly sensitive to shifts in global risk appetite. Consequently, volatility in energy markets remains the primary driver of near-term FX fluctuations as investors wait clarity on the broader inflationary trajectory.
- Outlook:** We assume the Middle East conflict persists while the Fed looks through the current transitory inflation bump. Malaysia's status as a net energy exporter provides a structural hedge as Brent retains an embedded risk premium. Investors remain defensive while expectations for a Fed policy pivot shift to the final quarter. The ringgit is likely to stay stable around the 3.95/USD as a restrictive but easing-biased Fed caps further USD gains.
- Technical:** USDMYR has turned neutral and is likely to find support near the 3.93 level during the shortened trading week.

Table 1: Currency Outlook

| | Long Term* | | | | | | Trend |
|--------|------------|--------|--------|--------|--------|--------|-------|
| | Q4-25 | Q1-26F | Q2-26F | Q3-26F | Q4-26F | Q1-27F | |
| USDMYR | 4.06 | 3.95 | 3.88 | 3.90 | 3.95 | 4.00 | ▼ |

| | Short Term (Technical) | | | | | | Trend |
|--------|------------------------|---------|-------|-------|-------|-------|-------|
| | RSI (7) | EMA (5) | R1 | R2 | S1 | S2 | |
| USDMYR | 54.838 | 3.929 | 3.938 | 3.944 | 3.923 | 3.912 | ▼ |

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.

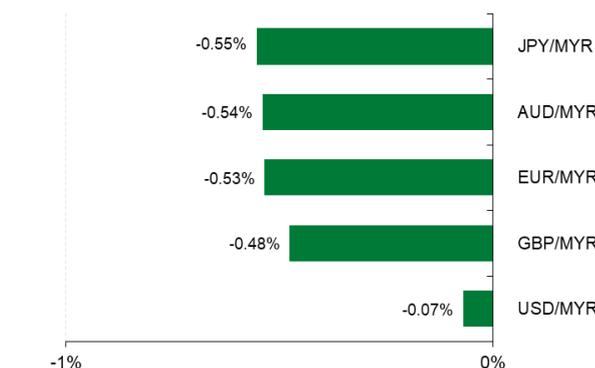
$$EMA = (P \times \alpha) + [Previous\ EMA \times (1 - \alpha)]$$

Graph 1: USDMYR Trend



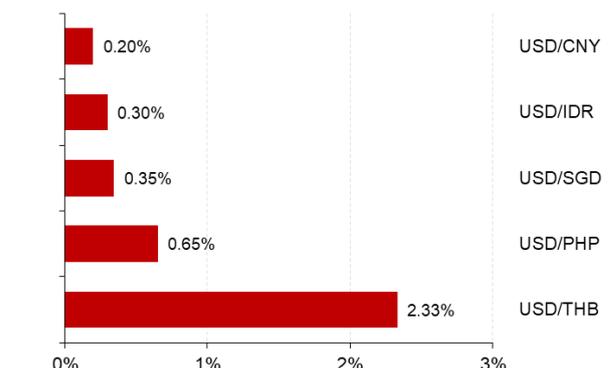
Source: Kenanga Research, Bloomberg

Graph 2: Weekly Core Pairs' Performance



Source: Kenanga Research, Bloomberg

Graph 3: Weekly Regional Peers' Performance



Source: Kenanga Research, Bloomberg

19 Mar 2026

Table 2: Performance of Core Pairs

| Currencies | 02/01/26 YTD | 18/03/25 Last Year | 18/02/26 Last Month | 11/03/26 Last Week | 18/03/26 Yesterday | ytd (%) | yoy (%) | mom (%) | wow (%) |
|----------------------------|-----------------|-----------------------|------------------------|-----------------------|-----------------------|---------|---------|---------|---------|
| MYR | | | | | | | | | |
| USDMYR | 4.054 | 4.447 | 3.900 | 3.920 | 3.918 | -12.53% | -11.91% | 0.45% | -0.07% |
| AUDMYR | 2.716 | 2.837 | 2.758 | 2.801 | 2.786 | 0.03% | -1.83% | 1.02% | -0.54% |
| GBPMYR | 5.455 | 5.782 | 5.287 | 5.257 | 5.232 | -6.40% | -9.51% | -1.03% | -0.48% |
| EURMYR | 4.752 | 4.870 | 4.620 | 4.545 | 4.520 | -2.50% | -7.17% | -2.15% | -0.53% |
| JPYMYR | 2.585 | 2.971 | 2.536 | 2.477 | 2.463 | -13.58% | -17.10% | -2.86% | -0.55% |
| SGDMYR | 3.152 | 3.342 | 3.087 | 3.078 | 3.069 | -6.65% | -8.16% | -0.58% | -0.28% |
| ASEAN 5 + CNY + JPY | | | | | | | | | |
| USDIDR | 16725 | 16428 | 16884 | 16886 | 16937 | 4.56% | 3.10% | 0.31% | 0.30% |
| USDTHB | 31.524 | 33.577 | 31.304 | 31.703 | 32.442 | -5.35% | -3.38% | 3.64% | 2.33% |
| USDSGD | 1.286 | 1.332 | 1.264 | 1.272 | 1.277 | -6.44% | -4.12% | 0.99% | 0.35% |
| USDPHP | 58.862 | 57.299 | 57.862 | 59.144 | 59.530 | 2.84% | 3.89% | 2.88% | 0.65% |
| USDCNY | 6.989 | 7.226 | 6.905 | 6.874 | 6.888 | -5.64% | -4.68% | -0.25% | 0.20% |
| USDJPY | 156.840 | 149.650 | 153.810 | 158.290 | 159.010 | 1.19% | 6.25% | 3.38% | 0.45% |
| USD | | | | | | | | | |
| EURUSD | 1.172 | 1.093 | 1.183 | 1.161 | 1.154 | 11.85% | 5.54% | -2.47% | -0.58% |
| GBPUSD | 1.346 | 1.299 | 1.357 | 1.345 | 1.336 | 7.30% | 2.82% | -1.55% | -0.67% |
| AUDUSD | 0.669 | 0.637 | 0.707 | 0.716 | 0.710 | 14.41% | 11.51% | 0.44% | -0.81% |

Source: Kenanga Research, Bloomberg

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

| Date | Country | Indicator | Previous | Consensus/Forecast |
|-----------|---------|---|------------|--------------------|
| 24/3/2026 | JP | Inflation Rate (FEB) | 1.5% YoY | 1.5% YoY |
| 24/3/2026 | US | ADP Employment Change Weekly | 9.0k | N/A |
| 24/3/2026 | US | S&P Global Services PMI Flash (MAR) | 51.7 | N/A |
| 25/3/2026 | UK | Inflation Rate (FEB) | 3.0% YoY | N/A |
| 25/3/2026 | US | Current Account (Q4) | -USD226.4b | N/A |
| 26/3/2026 | US | Initial Jobless Claims (MAR/21) | N/A | N/A |
| 27/3/2026 | MY | PPI (FEB) | -2.9% YoY | N/A |
| 27/3/2026 | US | Michigan Consumer Sentiment Final (MAR) | 56.6 | 55.5 |

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

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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