

Ringgit Weekly Outlook

Elevated oil prices and Fed caution to cap ringgit gains into mid-May

Overview

- Performance:** The MYR strengthened sharply to 3.91/USD from 3.97/USD last week, supported by stronger global risk appetite.
- Market Dynamics:** Optimism surrounding over a potential US-Iran agreement and improving confidence in safe passage through the Strait of Hormuz triggered a temporary unwind in USD safe-haven positioning, lifting EM currencies. However, elevated oil prices and rising inflation expectations continue to reinforce the Fed's cautious stance. As a result, short-dated US yields remain supported, limiting downside for the USD despite improving risk sentiment.
- Data Impact:** Focus now shifts to upcoming US payrolls and inflation data, which will shape expectations around the Fed's reaction function. Even softer labour data may struggle to materially weaken the USD should oil-driven inflation pressures persist. Markets will also monitor progress in US-Iran negotiations ahead of President Trump's planned China visit on 14-15 May. Any signs of durable de-escalation are likely to influence oil prices, Fed pricing, and broader EM FX sentiment.
- Outlook:** Our baseline assumes US-Iran negotiations continue without a definitive breakthrough in the near term, keeping oil prices elevated and global inflation risks sticky. This should sustain relatively firm US yields and preserve underlying USD support despite intermittent risk-on rallies. Nonetheless, Malaysia remains comparatively insulated. We expect USDMYR to trade within a cautious 3.93-3.96 range next week.
- Technical:** USDMYR remains neutral, centred around 3.90-3.95.

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 | 29.505 | 3.929 | 3.949 | 3.982 | 3.897 | 3.877 | — |

Signal for USD Trend = ▲ Bullish — Neutral ▼ Bearish

*F=Forecasts for end of period

Source: Kenanga Research, Bloomberg

RSI (7): 7-day Relative Strength Index

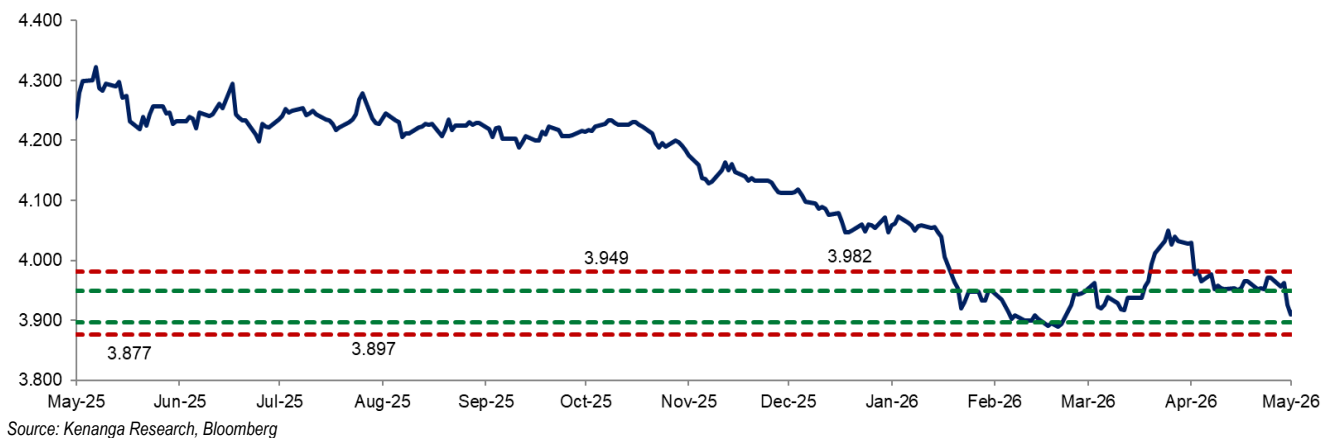
Measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

EMA (5): 5-day Exponential Moving Average

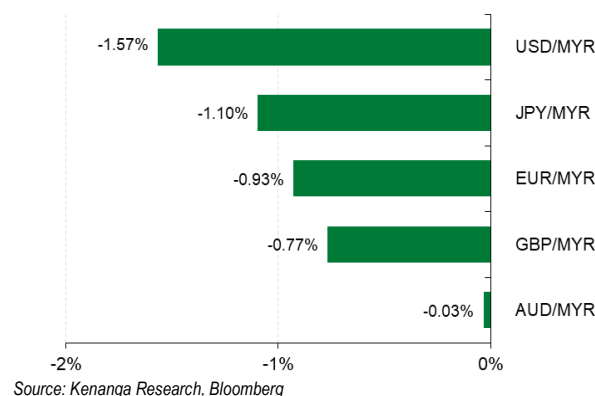
EMA gives more weight to the most recent periods, places more emphasis on what has been happening lately. Old data points retain a multiplier even if they are outside of the selected data series length.

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

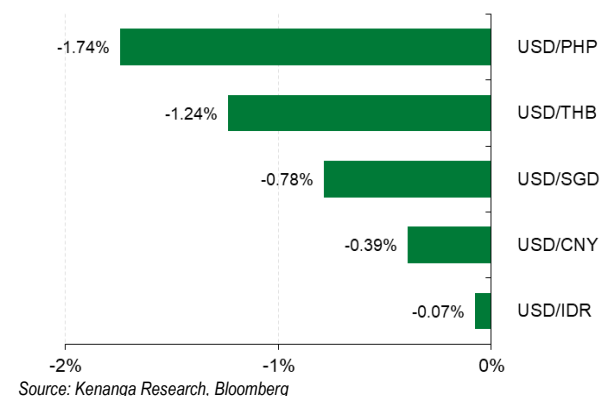
Graph 1: USDMYR Trend



Graph 2: Weekly Core Pairs' Performance



Graph 3: Weekly Regional Peers' Performance



08 May 2026

Table 2: Performance of Core Pairs

| Currencies | 02/01/26 YTD | 07/05/25 Last Year | 28/04/26 Last Month | 30/04/26 Last Week | 07/05/26 Yesterday | ytd (%) | yoy (%) | mom (%) | wow (%) |
|----------------------------|-----------------|-----------------------|------------------------|-----------------------|-----------------------|---------|---------|---------|---------|
| MYR | | | | | | | | | |
| USDMYR | 4.054 | 4.240 | 3.953 | 3.972 | 3.909 | -3.56% | -7.79% | -1.10% | -1.57% |
| AUDMYR | 2.716 | 2.743 | 2.837 | 2.838 | 2.837 | 4.47% | 3.45% | 0.02% | -0.03% |
| GBPMYR | 5.455 | 5.653 | 5.334 | 5.363 | 5.322 | -2.43% | -5.85% | -0.21% | -0.77% |
| EURMYR | 4.752 | 4.815 | 4.622 | 4.645 | 4.601 | -3.16% | -4.43% | -0.44% | -0.93% |
| JPYMYR | 2.585 | 2.960 | 2.476 | 2.527 | 2.500 | -3.30% | -15.55% | 0.96% | -1.10% |
| SGDMYR | 3.152 | 3.283 | 3.096 | 3.108 | 3.088 | -2.03% | -5.93% | -0.26% | -0.64% |
| ASEAN 5 + CNY + JPY | | | | | | | | | |
| USDIDR | 16725 | 16536 | 17243 | 17346 | 17333 | 3.64% | 4.82% | 0.52% | -0.07% |
| USDTHB | 31.524 | 32.684 | 32.512 | 32.548 | 32.146 | 1.97% | -1.65% | -1.13% | -1.24% |
| USDSGD | 1.286 | 1.291 | 1.277 | 1.276 | 1.266 | -1.57% | -1.94% | -0.88% | -0.78% |
| USDPHP | 58.862 | 55.407 | 61.285 | 61.483 | 60.412 | 2.63% | 9.03% | -1.42% | -1.74% |
| USDCNY | 6.989 | 7.228 | 6.837 | 6.829 | 6.802 | -2.67% | -5.89% | -0.51% | -0.39% |
| USDJPY | 156.840 | 143.250 | 159.630 | 157.170 | 156.400 | -0.28% | 9.18% | -2.02% | -0.49% |
| USD | | | | | | | | | |
| EURUSD | 1.172 | 1.137 | 1.169 | 1.172 | 1.177 | 0.41% | 3.53% | 0.63% | 0.44% |
| GBPUSD | 1.346 | 1.335 | 1.348 | 1.353 | 1.362 | 1.22% | 2.05% | 1.01% | 0.67% |
| AUDUSD | 0.669 | 0.648 | 0.717 | 0.716 | 0.726 | 8.41% | 12.01% | 1.27% | 1.37% |

Source: Kenanga Research, Bloomberg

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

| Date | Country | Indicator | Previous | Consensus/Forecast |
|-----------|---------|----------------------------|----------|--------------------|
| 11/5/2026 | CN | Inflation Rate (APR) | 1.0% YoY | 0.8% YoY |
| 11/5/2026 | MY | Retail Sales (MAR) | 7.7% YoY | N/A |
| 11/5/2026 | US | Existing Home Sales (APR) | 3.98m | 4.06m |
| 12/5/2026 | MY | Unemployment Rate (MAR) | 2.9% | N/A |
| 12/5/2026 | US | Core Inflation (APR) | 2.6% YoY | 2.7% YoY |
| 13/5/2026 | US | PPI (APR) | 0.5% MoM | 0.5% MoM |
| 14/5/2026 | US | Retail Sales (APR) | 1.7% MoM | 0.5% MoM |
| 15/5/2026 | MY | GDP Growth Rate Final (Q1) | 6.3% YoY | 5.1% YoY* |

Source: Kenanga Research, Trading Economics, Bloomberg

*KIBB

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