

03 July 2026

Ringgit Weekly Outlook

Softer US inflation hopes to reinforce MYR gains

Overview

- Performance:** MYR traded around our projected 4.07-4.09/USD range as fading Fed hike expectations tempered broad USD strength.
- Market Dynamics:** Softer US payroll growth reduced expectations for an imminent Fed rate hike. The ringgit strengthened as the USD surrendered part of its post-FOMC gains. Markets increasingly viewed the recent improvement in labour demand as insufficient to justify earlier Fed tightening, while Fed Chair Warsh refrained from validating aggressive market pricing. FX positioning became less supportive of the USD ahead of next week's FOMC minutes.
- Data Watch:** June US non-farm payrolls rose just 57.0k, well below consensus of 113.0k. Although the unemployment rate fell to 4.2%, the decline largely reflected weaker labour force participation rather than stronger hiring. Next week's focus shifts to the FOMC minutes for clues on the Fed's policy bias and whether July remains a live meeting. Markets will also monitor US-Iran developments and Malaysia's domestic macro data for additional direction.
- Outlook:** Our baseline assumes US-Iran tensions remain contained without disruptions to Strait of Hormuz shipping flows. Lower US gasoline prices should lead to a softer June US CPI print on 14 July, reinforcing the case for a prolonged Fed pause rather than renewed tightening. Investors are likely to trim USD long positions if inflation confirms easing price pressures and increasingly align with our expectation of an extended Fed pause. We expect USDMYR to trade within 4.05-4.08, with risks tilted towards further MYR appreciation.
- Technical:** USDMYR remained neutral. A decisive break below 4.06 would expose 4.05, while 4.09 remains the key upside barrier.

Table 1: Currency Outlook

Long Term*						
	Q2-26	Q3-26F	Q4-26F	Q1-27F	Q2-27F	Q3-27F
USDMYR	4.08	4.03	3.95	4.00	4.02	3.95
						▼
Short Term (Technical)						
	RSI (7)	EMA (5)	R1	R2	S1	S2
USDMYR	40.271	4.083	4.086	4.102	4.061	4.053
						—

Signal for USD Trend = ▲ Bullish — Neutral ▼ Bearish

*F=Forecasts for end of period

Source: Kenanga Research, Bloomberg

RSI (7): 7-day Relative Strength Index

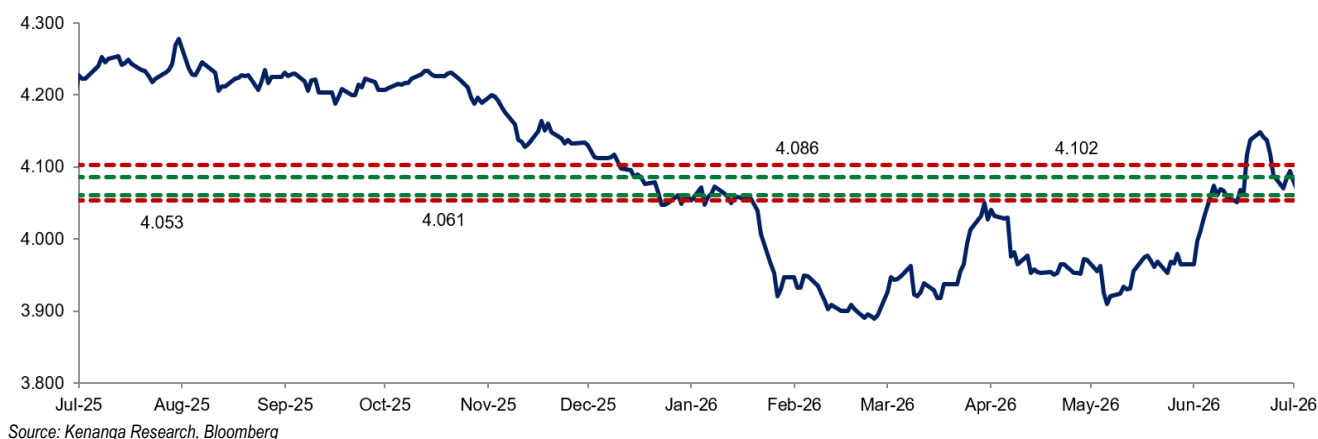
Measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

EMA (5): 5-day Exponential Moving Average

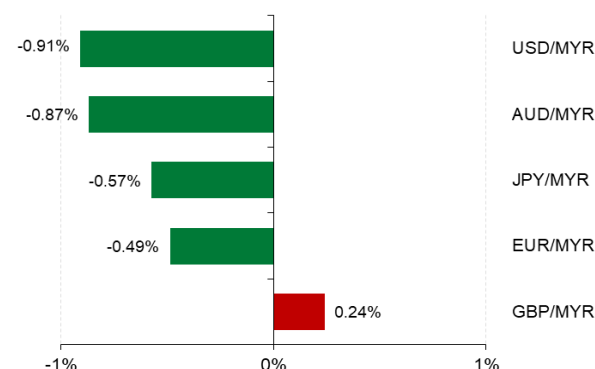
EMA gives more weight to the most recent periods, places more emphasis on what has been happening lately. Old data points retain a multiplier even if they are outside of the selected data series length.

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

Graph 1: USDMYR Trend

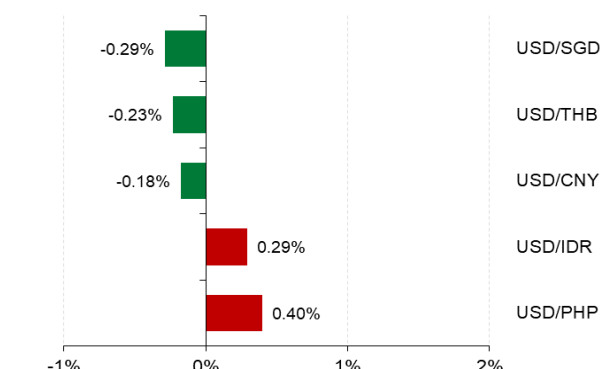


Graph 2: Weekly Core Pairs' Performance



Source: Kenanga Research, Bloomberg

Graph 3: Weekly Regional Peers' Performance



Source: Kenanga Research, Bloomberg

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Table 2: Performance of Core Pairs

Currencies	02/01/26 YTD	02/07/25 Last Year	28/04/26 Last Month	25/06/26 Last Week	02/07/26 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
MYR									
USDMYR	4.054	4.228	3.953	4.118	4.081	0.66%	-3.48%	3.23%	-0.91%
AUDMYR	2.716	2.774	2.837	2.842	2.817	3.74%	1.55%	-0.68%	-0.87%
GBPMYR	5.455	5.786	5.334	5.431	5.444	-0.20%	-5.91%	2.07%	0.24%
EURMYR	4.752	4.976	4.622	4.679	4.656	-2.02%	-6.43%	0.74%	-0.49%
JPYMYR	2.585	2.937	2.476	2.544	2.529	-2.15%	-13.89%	2.16%	-0.57%
SGDMYR	3.152	3.318	3.096	3.176	3.154	0.04%	-4.96%	1.85%	-0.70%
ASEAN 5 + CNY + JPY									
USIDR	16725	16247	17243	17943	17995	7.59%	10.76%	4.36%	0.29%
USDTHB	31.524	32.422	32.512	33.386	33.309	5.66%	2.74%	2.45%	-0.23%
USDSGD	1.286	1.274	1.277	1.298	1.294	0.61%	1.59%	1.32%	-0.29%
USDPHP	58.862	56.379	61.285	61.318	61.563	4.59%	9.19%	0.45%	0.40%
USDCNY	6.989	7.163	6.837	6.798	6.786	-2.91%	-5.27%	-0.75%	-0.18%
USDJPY	156.840	143.930	159.630	161.880	161.360	2.88%	12.11%	1.08%	-0.32%
USD									
EURUSD	1.172	1.177	1.169	1.135	1.141	-2.64%	-3.04%	-2.42%	0.56%
GBPUSD	1.346	1.370	1.348	1.317	1.333	-0.91%	-2.70%	-1.12%	1.25%
AUDUSD	0.669	0.657	0.717	0.689	0.690	3.06%	5.07%	-3.73%	0.07%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
6/7/2026	US	ISM Services PMI (JUN)	54.5	54.1
9/7/2026	US	FOMC Minutes	N/A	N/A
9/7/2026	CN	Inflation Rate (JUN)	1.2% YoY	N/A
9/7/2026	MY	Industrial Production (MAY)	8.2% YoY	N/A
9/7/2026	MY	BNM Interest Rate Decision	2.75%	2.75% (status quo)
9/7/2026	US	Existing Home Sales (JUN)	4.17m	4.20m
10/7/2026	MY	Retail Sales (MAY)	6.3% YoY	N/A
10/7/2026	MY	Unemployment Rate (MAY)	3.0%	3.0%

Source: Kenanga Research, Trading Economics, Bloomberg

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