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GOLD PRICE SURGED TO RECORD HIGHS, CURRENCY MARKET DOMINATED BY US-EU GEOPOLITICAL CONCERNS

Western allyship began to crack under Greenland dispute. Global markets have been deeply unsettled in the past weeks as geopolitical tensions simmer in the Arctic region. The rapidly unfolding conflict could be traced back to early January where U.S. President Donald Trump voiced his plans to annex Greenland, citing national security reasons. This had sparked a swift reaction from the European Union (EU), collectively rejecting the notion and upholding the sovereignty of Greenland. North Atlantic Treaty Organization (NATO) Secretary General Mark Rutte also reaffirmed that the alliance will continue working alongside Greenland and Denmark on the dispute.

While the exchange was initially met with considerable apprehension, the dispute remained largely confined to the realm of transatlantic diplomatic tensions. It reflected a familiar pattern of rhetorical posturing between opposing sides, with implicit military signalling serving as a deterrent rather than an immediate escalation. In the days following Trump's initial remarks, the White House ruled out the use of military force, even as several EU countries reiterated their readiness to deploy personnel to the region, underscoring the heightened but contained nature of the standoff. Tensions remained elevated as discussions failed to gain traction, culminating in talks at the White House involving U.S. Vice President JD Vance and Secretary of State Marco Rubio with representatives from the Danish and Greenlandic foreign ministries. The meeting concluded without a breakthrough, with Denmark's Foreign Minister, Lars Løkke Rasmussen, characterising the outcome as revealing a "fundamental disagreement" between the two countries.

Trump storms through again with tariff threats, amping up the heat on the EU and triggering broader reactions across global markets. Over the weekend, Trump threatened a 10% tariff on several European countries—namely Denmark, Norway, Sweden, Finland, Germany, France, the Netherlands and the United Kingdom—to take effect on 1st February unless progress is made toward the "complete and total purchase of Greenland". If an agreement is not reached, by June, the tariff rate would then be hiked to 25%. By linking his tariff threats to his acquisition plans, Trump had effectively escalated the situation into a direct trade confrontation, with tangible risks to the global trade as well as economic landscape. Subsequently, risk aversion surged, and investors swiftly moved into defensive positions with financial markets reflecting the heightened risk of an escalation. Global equity markets sank into a sea of red while currency markets saw surging demand for traditional safe haven assets. Gold (XAU) and silver (XAG) soared to record highs while the USD and EUR touched months-low, underscoring concerns of trade fragmentation, policy unpredictability and the potential fallout of Western allyship.

However, in a turn of events, Trump announced a preliminary framework for cooperation over Greenland and the broader Arctic region following discussions with NATO leadership, promptly causing a recalibration across markets as the immediate risk of escalation eased. The announcement was accompanied by confirmation that his tariff threats are effectively reversed. As

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the roller-coaster week ended, investors cautiously unwound their defensive positions although lingering caution remained.

Upcoming Events: Key Economic Data Release

Monday	Singapore Industrial Production (December), U.S. Durable Goods Orders (November)
Tuesday	Australia Business Confidence (December)
Wednesday	Bank of Japan (BOJ) Meeting Minutes, Australia Consumer Inflation (December)
Thursday	U.S. Federal Open Market Committee (FOMC) Meeting, Japan Consumer Confidence (January), U.S. Trade (November)
Friday	Euro Area 4Q2025 GDP & Unemployment Rate, Japan Unemployment Rate & Industrial Production (December), U.S. & Australia Producer Prices (4Q2025)

Table 1: Selected Currencies Overview

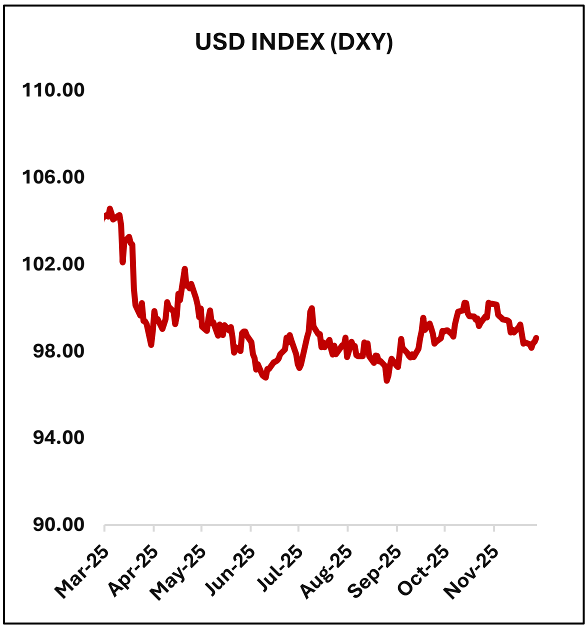
	9-Jan	16-Jan	23-Jan	WoW	YTD
DXY Index	99.13	99.39	97.60	-1.8%	-0.7%
USDMYR	4.07	4.06	4.01	-1.2%	-1.3%
XAUUSD	4,509.50	4,596.09	4,987.49	8.5%	15.5%
EURUSD	1.16	1.16	1.18	2.0%	0.7%
GBPUSD	1.34	1.34	1.36	2.0%	1.2%
AUDUSD	0.67	0.67	0.69	3.2%	3.3%
USDSGD	1.29	1.29	1.27	-1.3%	-1.0%
USDJPY	157.89	158.12	155.70	-1.5%	-0.6%
USDCNY	6.98	6.97	6.96	-0.1%	-0.4%

Sources: Bloomberg, Bank Islam

Commentaries

DXY: USD retreated amid U.S. policy unpredictability and geopolitical jitters

The USD Index plunged by 1.8% w-o-w for the week ending January 23 amid the rapidly unfolding conflict over Greenland and the Arctic region, slipping under the 98-level. At the heart of the conflict, the USD was under pressure as investors shed USD-denominated assets. While Trump's announcement of a preliminary deal had promptly deescalated the situation, lingering caution persisted among investors. Furthermore, this chapter underscores the heightened policy volatility marked by Trump's term and broader implications for the global environment, dampening investors' appetite for the USD. As such, the DXY index continued to fall to months-low of 97.60. As of writting, the index touched the 96-level, reaffirming its bearish slide.

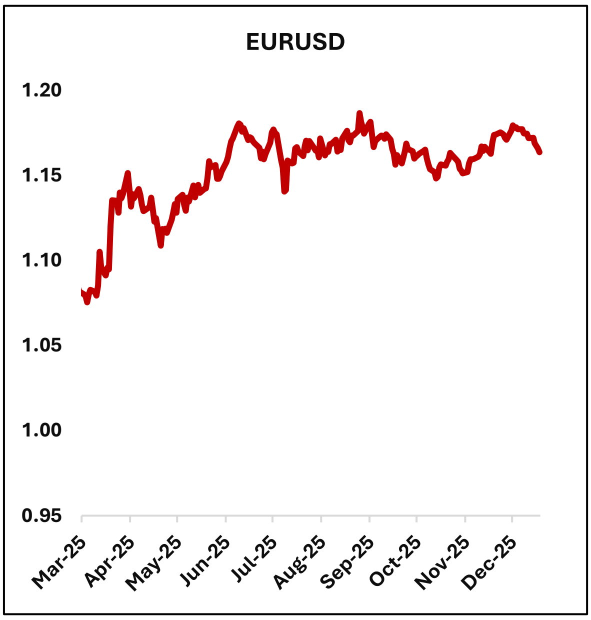


Source: Bloomberg

Short-term outlook: The USD movement was dominated by geopolitical concerns, overshadowing the upcoming Federal Reserve (Fed) policy decision and related key economic indicators. November core PCE inflation rose to 2.8% (Oct: 2.7%) while the economy grew stronger than expected in 3Q25 (1st Est: 4.3%, 2nd Est: 4.4%). According to the CME FedWatch tool, markets have almost fully priced in the probability of no cuts in January. However, the USD is expected to remain under pressure amid concerns surrounding the Fed leadership and resulting uncertainties over the Fed's policy path. In recent developments, a criminal investigation has been launched into Fed Chair Jerome Powell, which many regard as an attempt to exert political pressure on the Fed. This sparked concerns over the central bank's independence in determining its monetary policy path, which coupled with the impending leadership transition in May, has clouded the Fed's policy outlook. The uptick in inflation and a stronger economy would naturally mean delays to the Fed's easing cycle, but potentially dovish guidance over the medium horizon could not be ruled out. Considering lingering geopolitical concerns, risk aversion amid Trump's policy unpredictability and uncertainty over the Fed's easing cycle, we expect the USD to trade cautiously during the week, moving between the 96.50-98.75 range.

EURUSD: Euro climbed by 2.0% w-o-w as tensions over Greenland eased

The euro (EUR) kicked off the week on a lower note, touching the lowest point since November 2025 on Monday as markets reacted to the perceived tariff threat from Trump. As the diplomatic conflict veered sharply into an escalation of trade tensions with potential counter-tariffs by the EU amounting to EUR93 billion, investors swiftly moved into defensive positions, causing the EUR to plunge. However, the EUR gathered crucial bullish momentum amid USD's weakness, which propelled the currency to break above the 1.175 resistance level and subsequently, the 1.18-level following the easing tensions, marking the strongest level since September 2025 at 1.1827 on Friday. Additionally, the EUR drew modest support from favourable disinflation dynamics, reinforcing expectations that the European Central Bank (ECB) is well positioned to keep its policy rates unchanged at its February meeting. Final data showed headline inflation easing to 1.9% in December from 2.1% in November, slightly below the preliminary estimate of 2.0%. Core inflation also edged lower to 2.3% after holding at 2.4% for three consecutive months, underscoring a broadening disinflation trend. As concerns over further escalation receded, improving risk appetite allowed investors to absorb the inflation data and recalibrate expectations for the ECB's policy trajectory in the months ahead.

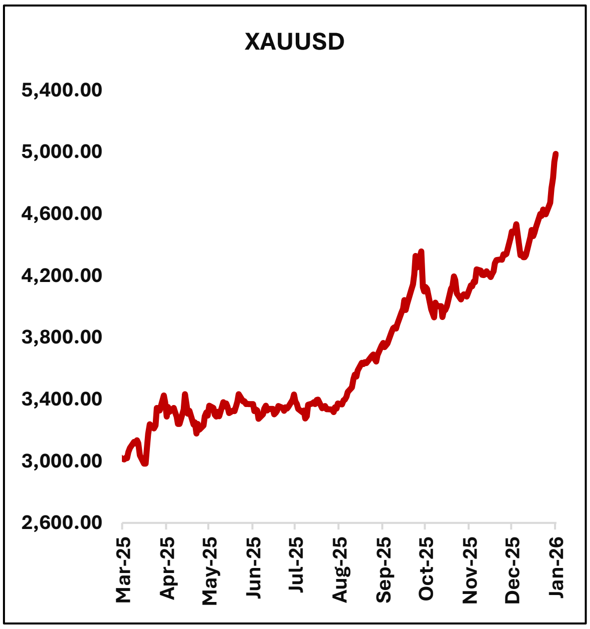


Source: Bloomberg

Short-term Outlook: Looking ahead, the U.S.-EU geopolitical tensions have eased to make way for more constructive discussions over the future of Greenland and the broader Arctic region. While details of the framework agreement are limited, the immediate deescalation is expected to provide some relief to the EUR. Central to investors' attention will also be the preliminary estimates of the Eurozone's 4Q25 Gross Domestic Product (GDP) growth. This will be paramount in shedding light on the performance of the economy throughout the trade and political instabilities in 2025. Should the economy achieve an anchored growth despite the persistent headwinds, this will bolster the Eurozone's outlook in 2026, further lifted by favourable disinflation, improving financial conditions following the ECB's policy easing and the restabilising global trade landscape. In the near term, we expect the EUR/USD pair to trade with a slightly bullish bias, moving within a 1.1730–1.1980 range.

XAUUSD: Gold price marked record-high, set to test the USD5,100 level

Gold prices surged by 8.5% w-o-w as risk aversion swept through global financial markets, soaring through new highs during the week before closing at a fresh high of USD4,987.49 on Friday. Fears of a broader conflict and potential disruptions to global supply chains intensified following President Trump's tariff threats and reports of possible EU retaliation, underpinning bullish momentum in gold (XAU) as markets opened on Monday. However, sentiment improved after the World Economic Forum in Davos, where Trump met with NATO leadership and announced that a "framework for a future agreement" had been reached. This development swiftly eased immediate escalation risks, injecting a measure of relief into global markets. Speaking on the matter, French President Emmanuel Macron remarked that the situation has unwound to a level that he finds "far more acceptable" while the Dutch Prime Minister Dick Schoof lauded the progress as "positive". Risk sentiments have improved since then while the XAU has capitalized on its bullish momentum throughout Friday.

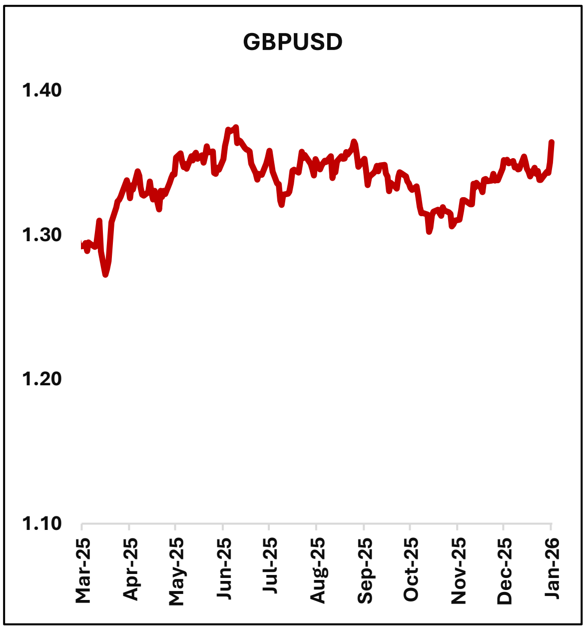


Source: Bloomberg

Short-term Outlook: Looking ahead, the bias remains tilted to the upside. Immediate resistance was located around USD5,000 as of Friday, a level that XAU decisively broke at the market open on Monday. This breakout opens the way toward the next resistance zones near USD5,100, followed by USD5,175. On the downside, support is expected to form around the USD4,900 level. In recent developments, Trump threatened to impose up to 100% tariffs on Canada over the latter's trade deal with China as well as blocking oil imports to Cuba amid domestic political turmoil, sparking jitters among global markets again. In light of this, the XAU will likely sustain its bullish run this week.

GBPUSD: British Pound climbed amid surprise uptick in inflation

The British pound (GBP) appreciated by 2.0% as investors reprice Bank of England (BoE) rate cut hopes following stronger than expected economic data. Latest figures showed that headline inflation increased to 3.4% in December (Nov: 3.2%), surpassing consensus estimates of 3.3%. The surprise uptick could be traced to a surge in alcohol and tobacco prices (Dec: 5.2% vs. Nov: 4.0%) amid hikes to tobacco duty rates, which came into effect in November 2025. Furthermore, inflation also appeared persistently elevated across other key categories with increases recorded in food and non-alcoholic beverages (Dec: 4.5% vs. Nov: 4.2%), services (Dec: 4.5% vs. Nov: 4.4%) and transport costs (Dec: 4.0% vs. Nov: 3.7%). This sparked concerns whether the BOE had jumped the gun in easing its bank rate, building a case for the BoE to keep its bank rate steady at 3.75% in February. While core inflation stagnated at 3.2%, the lowest in twelve months, it remained far above the BoE's 2.0% target. Meanwhile, consumer demand appeared resilient with December retail sales increasing by 2.5% y-o-y (Nov: 1.8%), underpinned by stronger year-end and festivities spending. On a monthly basis, retail sales rose by 0.4%, beating expectations of a 0.1% decline. This signalled that consumer demand is resilient, supported by still favourable financial conditions, granting the BoE some flexibility for a pause without risking economic momentum. The recalibration of policy expectations provided notable support for the GBP, which appreciated further on the back of a weaker USD.

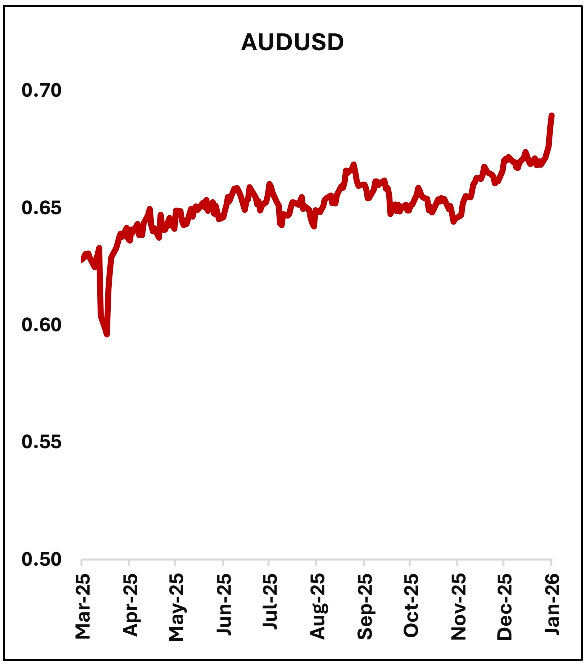


Source: Bloomberg

Short-term Outlook: Looking ahead, it will be a relatively light calendar week on the data front. The GBP/USD will likely be steered by the USD movement while underlying support is provided by expectations of a steady BoE. However, a key risk stems from cooling labour market conditions as the December unemployment rate trended at the highest point since March 2021. In the near term, we expect the GBP/USD pair to trade with a bullish bias within the 1.350–1.3725 range.

AUDUSD: Australian Dollar hit highest level in almost seventeen months

The Australian dollar (AUD) strengthened by 3.2% w-o-w as hotter than expected labour market conditions fuelled rate hikes bets. With the Reserve Bank of Australia (RBA) opening the door for potential rate hikes, investors had been eagerly parsing through economic data for further clarifying clues – and the lucky break came last week. Australia's employment surged sharply by 65.2K in December (Nov: -28.7K), more than double of the 30K consensus estimate. The increase was driven by full-time employment, which rebounded by 54.8K from a 65.3K decline in November, and part-time employment, which eased to 10.4K from 36.6K earlier. The strong full-time hiring gains reflected improving business confidence and a more positive outlook for the year ahead, underscoring genuine labour market tightness as well as equally robust labour supply to meet the demand. Meanwhile, the unemployment rate moderated to 4.1% in the same month (Nov: 4.3%), the lowest since May 2025. As such, this translates into growing risks of demand-driven price pressures, necessitating tighter monetary policy down the line. Coupled with persistent inflation, this bolsters expectations that the RBA would deliver a 25 bp hike to its cash rate, underpinning the AUD's strength to mark the highest close since October 2024 at 0.6894

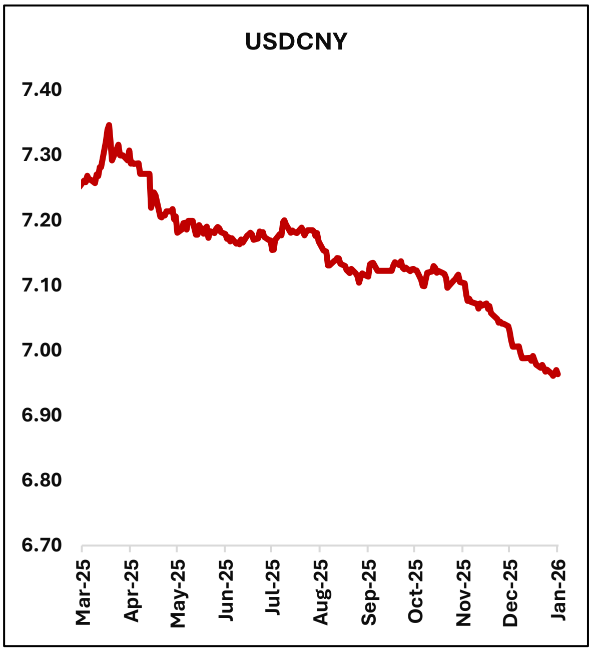


Source: Bloomberg

Short-term Outlook: However, the timing of the initial cut remains unclear. As headline inflation had unexpectedly fell to 3.4% in November (Oct: 3.8%), the question posed is whether the moderation is the beginning of a disinflation trend or if the surprise is just a one-off reading. Key releases in the spotlight this week will be the December and 4Q25 inflation, providing much needed light on the price dynamics in the economy. This will be crucial for markets to shape their policy expectations. A softer reading will reinforce the disinflation trend, causing dimmer rate hike bets, while an uptick supports the case for tightening. Against this backdrop, we maintain bullish view on AUD/USD, expecting the pair to trade within a 0.6750–0.6980 range in the near term.

USDCNY: Chinese Yuan edged up despite 4Q2025 slowdown

The Chinese yuan (CNY) climbed by 0.1% w-o-w last week despite signs of the Chinese economy slowing down amid persistent external headwinds and structural weakness domestically. Latest figures showed that China's 4Q2025 GDP expanded by 4.5% on an annual basis, slightly slower than 4.8% in 3Q and the lowest in three years. This underscores the shaky foundation of growth momentum, where the economy is significantly geared towards export-related sectors while domestic demand remains persistently sluggish. Of note, industrial production accelerated by 5.2% y-o-y in December (Nov: 4.8%), underpinned by robust external demand amid the global technology upcycle and anticipation of global trade disruptions. On the other hand, retail sales rose at the slowest pace in three years (Dec: 0.9% vs. Nov: 1.3%) as government stimulus effects eased, giving way to historically sluggish consumer spending. This paints a picture of an uneven economic landscape, highlighting the weakness of China's growth model and fuelling the need for more proactive stimulus to lift domestic demand in 2026. Nevertheless, the Chinese economy had achieved the 5.0% growth target, providing some modest support to the CNY.

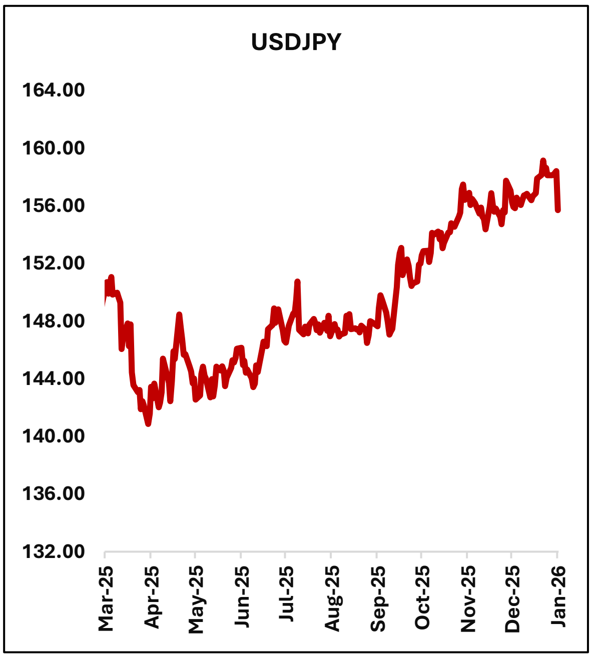


Source: Bloomberg

Short-term Outlook: Heading into 2026, domestic demand remains as the major downside risk to China's growth outlook, reinforcing market expectations for the government to unveil fiscal support measures at the National People's Congress. To date, Beijing has signalled continued policy support, including trade-in programs for old appliances, expanded access for credit and removing structural restrictions in the consumption sector. The effectiveness of these measures in reinvigorating consumer demand will be pivotal in supporting the growth trajectory in 2026. Meanwhile, external demand has proved to be resilient, potentially receiving further upside following the extension of the U.S.-China trade truce to November 2026, while downside risks stem from the unfolding conflict over the Arctic region. In the near term, we. maintain a mildly bearish view on the USD/CNY pair, expecting the pair to trade within a 6.9505–6.970 range.

USDJPY: Japanese Yen appreciated amid intervention speculations

The Japanese yen (JPY) strengthened to levels last seen in December, around 155.70, amid rising expectations of official intervention in the currency market. Prior to this, USD/JPY had climbed beyond the 158 level, fuelling concerns over excessive Yen weakness. Subsequent rate checks by the New York Fed, widely interpreted by markets as a potential signal of intervention, helped reverse the pair's upward momentum and triggered a rebound in the Yen. Adding to these expectations, Japan's Finance Minister Satsuki Katayama indicated that she had raised concerns with U.S. Treasury Secretary Scott Bessent over the Yen's "one-sided depreciation." As speculation over a possible coordinated U.S.-Japan intervention intensified, investor positioning shifted, with USD/JPY opening around the 154 level on Friday. Nevertheless, the yen continues to face downside risks, weighed by cautious sentiment surrounding Japan's domestic political landscape. On Friday, Japanese Prime Minister Sanae Takaichi dissolved parliament ahead of a snap election on 8th February. While Takaichi appeared optimistic of continued public support for her cabinet, her ruling coalition of the Liberal Democratic Party (LDP) and Japan Innovation Party (JIP) only held a slim majority in the lower house. This places the coalition at risk, especially as opposition forces began to move toward a unified front, extending political uncertainties since September last year. Market reactions were mixed with one camp supportive of Takaichi's pledge to ease living costs and boost defence spending while the other half remained cautious of prolonged political instability in Japan alongside concerns of ballooning public debt under her administration.



Source: Bloomberg

Short-term Outlook: Political noise and Yen speculations had dominated the USD/JPY movement last week, alongside Bank of Japan (BoJ)'s policy decision, a dynamic that could extend into this trading week. This week, the BoJ meeting

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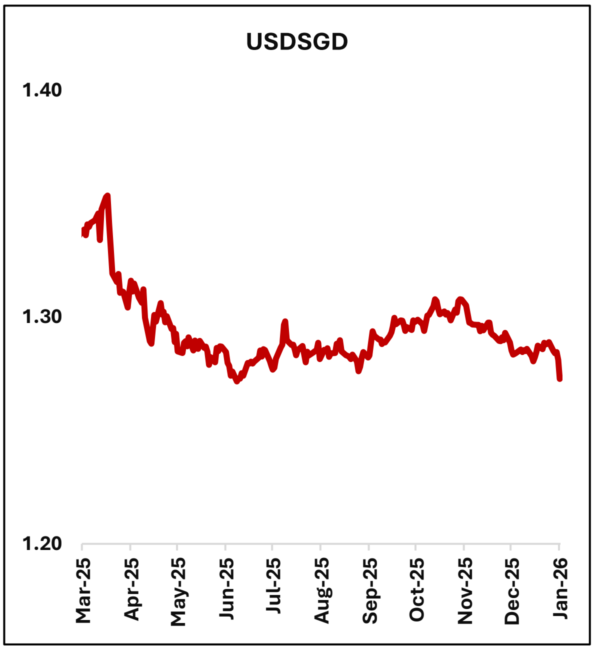
minutes will be released, offering a closer look at the decision to maintain the benchmark interest rate at 0.75% and deeper deliberations behind the scenes. As such, we hold a bearish view on the USD/JPY pair, foreseeing a trading range within 153.50-156.80.

USDSGD: Singaporean Dollar climbed amid steady inflation

The Singapore dollar appreciated by 1.4% w-o-w last week as the USD remained under pressure, while favourable economic data provided structural support. December headline inflation rose by 1.2% y-o-y, matching the pace in the previous two months and reinforcing the divergent trend from subdued inflation (0.5%-0.9%) in the better half of 2025. This suggested that consumer confidence is steadily improving as prolonged global uncertainties eased, supporting household spending which fed into demand-side price pressures. Looking closer, inflation rose across transport (Dec: 3.6% vs. Nov: 3.2%) and education (Dec: 1.2% vs. Nov: 1.1%) while prices for food (1.2%) and housing and utilities (0.2%) remained stable. Similarly, core inflation also steadied at 1.2% in December, reinforcing that underlying inflation momentum is driven by rising consumer demand amid lower global commodity and energy prices. On the producer front, inflation moderated to 2.2% in November from 3.1% in October, further backing the trend. As such, domestic demand is expected to gain steam and bolster Singapore's 2026 growth prospects, casting a more appealing light over the SGD.

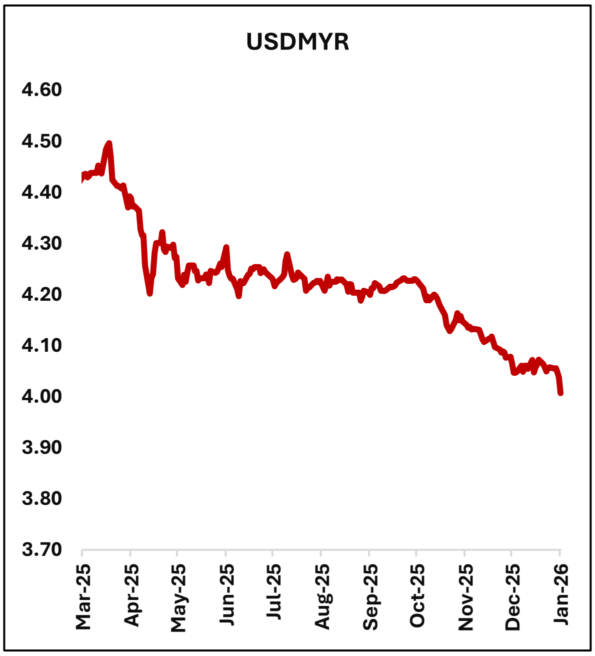


Source: Bloomberg

Short-term Outlook: Amid the volatility plaguing the global trade landscape last year, the relatively lower U.S. tariff rate on Singapore's goods (10%) enabled the economy to benefit from rapid front-loading activities and trade diversion. This provided some buffer against broader downbeat sentiments, bolstering the performance of Singapore's trade and production sectors. However, as upfront shipments began to ease, exports and industrial production figures have reflected the moderation. Thus, Monday's industrial production figures will grant a closer look at the underlying supply and demand dynamics as external headwinds eased and consumer spending recovers, crucial in shaping the trajectory of the economy in 2026. We maintain a slightly bearish view on USD/SGD, expecting the pair to trade within the 1.2670–1.2860 range.

USDMYR: The Ringgit strengthened as BNM kept OPR at 2.75%

The ringgit appreciated by 1.2% against the USD last week, touching the lowest level since 2021 at RM3.9992 on Friday before retreating to close at RM4.0068. Such performance was underpinned by Bank Negara Malaysia (BNM) maintaining the Overnight Policy Rate (OPR) at 2.75% as well as Malaysia's robust growth prospects, sustaining the solid investor confidence following the earlier release of preliminary 4Q25 GDP figures. Additionally, a slew of favourable economic data further provided support for the MYR's bullish run. Of note, headline inflation increased to 1.6% y-o-y in December (Nov: 1.4%), the highest in eleven months, reflecting the impact from the expanded Sales and Services Tax (SST). Meanwhile, core inflation ticked up to 2.3% from 2.2% in November. Looking at the broader picture, headline inflation slowed to 1.4% (2024: 1.8%) amid key policy reforms such as the RON95 subsidy rationalisation program, while the core reading climbed to 2.0% (2024: 1.8%). The low inflation environment, stable labour market conditions, and Bank Negara Malaysia's steady policy guidance has thus reinforced an optimistic outlook for the economy in 2026. Beyond domestic dynamics, Malaysia's trade sector is anticipated to sustain its resilient momentum while a surge in tourism-related demand in conjunction with the Visit Malaysia 2026 campaign will further underpin the expansion of the Services sector. December exports jumped by 10.4%, underpinned by a sharp rebound in shipments to the U.S. (Dec: 48.8% vs. Nov: -0.9%) while exports to China (Dec: -3.6% vs. Nov: 9.8%) and Singapore (Dec: -12.8% vs. Nov: 4.1%) declined. This reaffirmed Malaysia's crucial role within global supply chains and its comparative offerings, standing to benefit from the global technology upcycle.



Source: Bloomberg

Short-term Outlook: With numerous tailwinds lifting the economic outlook, the Ringgit is anticipated to reflect the rising confidence, experiencing further bullish bias in the coming weeks. We expect the USD/MYR pair to trade within the 3.9675-4.025 trading range this week. Nevertheless, risks to watch out for is a corrective pullback, which could result in the currency pair rebounding, while prolonged external tensions would chip at risk appetite and redirect investors towards safe-haven assets once more.

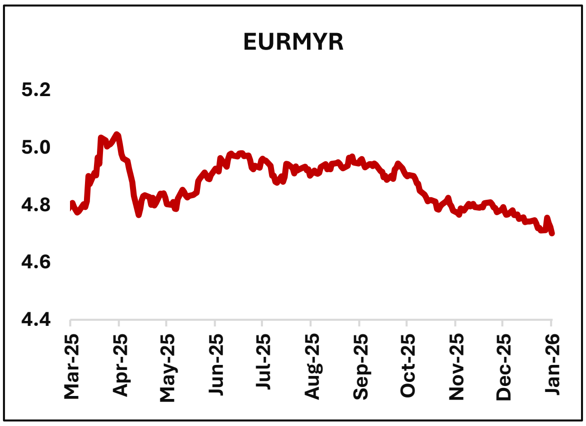
Table 2: Selected Currencies Overview (MYR Crosses)

	9-Jan	16-Jan	23-Jan	WoW	YTD
USDMYR	4.0725	4.0575	4.0068	-1.2%	-1.3%
EURMYR	4.7423	4.7107	4.7016	-0.2%	-1.3%
GBPMYR	5.4615	5.4357	5.4209	-0.3%	-0.6%
SGDMYR	3.1656	3.1500	3.1317	-0.6%	-0.8%
JPYMYR	2.5789	2.5668	2.5736	0.3%	-0.7%
AUDMYR	2.7208	2.7192	2.7405	0.8%	1.0%
CNYMYR	0.5837	0.5822	0.5752	-1.2%	-1.0%

Sources: Bloomberg, Bank Islam

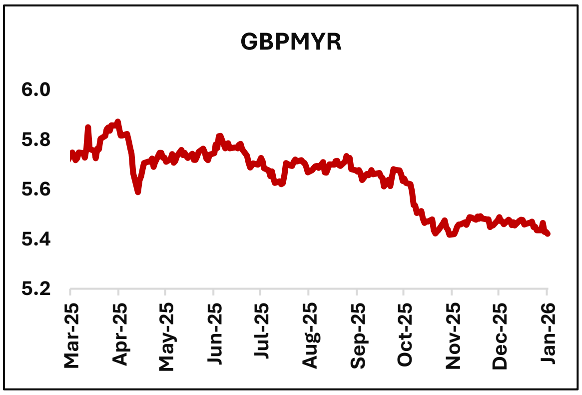
Short Term Outlook for Ringgit Pairs

The outlook for EUR/MYR is mildly bullish amid improving risk appetite among investors following constructive signals from U.S. and EU leadership surrounding their framework agreement over Greenland and the Arctic region. As discussions continue and more details are released, the EUR may see further upside. Additionally, the Eurozone 4Q25 GDP figure is slated for release this week, potentially providing fresh catalyst for the EUR to appreciate further amid expectations of resilient growth in the region. However, the MYR will gather modest support given Malaysia's perceived political stability and rosy growth prospects, keeping it grounded against the EUR.



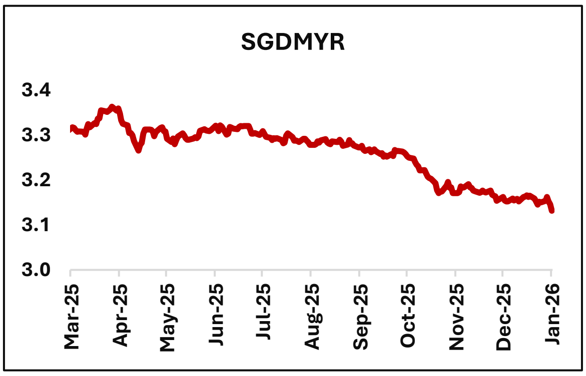
Source: Bloomberg

The outlook for GBP/MYR is neutral to slightly bearish as markets weigh on the risks to the BOE policy. Latest inflation figures surprised to the upside, fuelling concerns that the BOE may have cut its bank rate too fast, too soon. This opens the door for a pause in the upcoming BOE meeting in order to the central bank to reassess its policy approach and the risks to its outlook, offering some support to the GBP. However, the BNM's policy guidance is relatively more stable, grounded in low inflation environment and solid economic fundamentals. This will give the MYR an edge over the former, with the GBP/MYR pair trading lower in the near term.



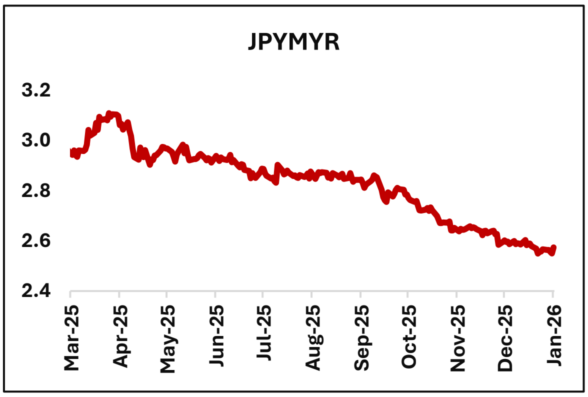
Source: Bloomberg

The outlook for SGD/MYR is mildly bearish given the economies solid growth prospects vis-à-vis one another. Both countries have benefited from trade diversion and solid tech-related demand amid the global trade turmoil in 2025, while domestic demand remained as a focal driver. In 2026, their outlook remained closely matched. Nevertheless, the USDMYR bullish momentum will appear more attractive to investors, positioning the MYR slightly higher than the SGD.



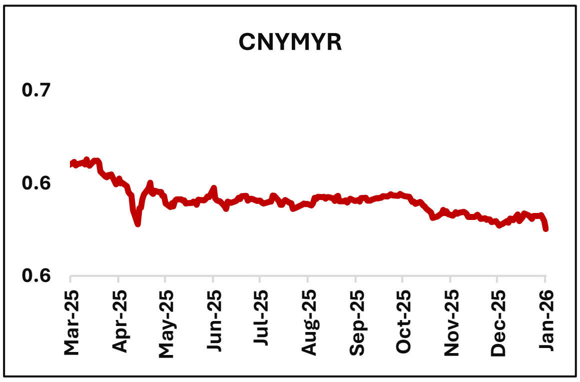
Source: Bloomberg

The outlook for JPY/MYR is neutral to slightly bullish as political concerns in Japan draw investors' attention. Following the dissolution of parliament ahead of the February snap election, the ruling coalition and opposition forces will begin to rally for public support, leading to more cautious trading on the JPY. However, investors are also speculating on possible U.S.-Japan intervention to mitigate the Yen's weakness, which could see the USD/JPY currency pair depreciating. This would provide the JPY a push over the MYR, although the latter will experience technical support from its own bullish momentum.



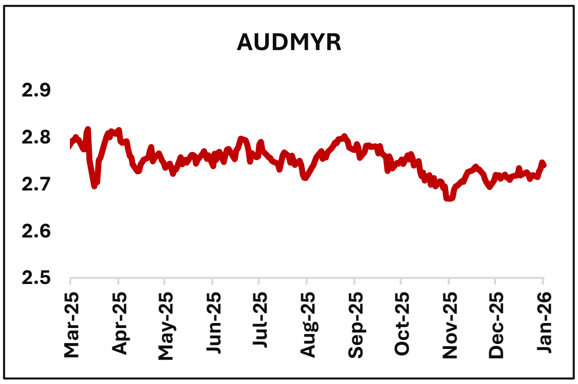
Source: Bloomberg

The outlook for CNY/MYR is mildly bearish given clearer signs of the Chinese economy slowing down. This underscores the uneven momentum of economic growth, sparking caution among investors. Nevertheless, they may hold back from aggressive trading as they await policy signals from the Chinese government, with the central attention trained on the National People's Congress, typically in early March. Thus, the CNY may face bearish bias in the near term, making the MYR relatively more appealing.



Source: Bloomberg

The outlook for AUD/MYR remains bullish amid heightened RBA rate hike expectations. This view was reinforced by hotter than expected job market conditions, as Australia's unemployment rate eased to the lowest point in seven months while hiring gains surged to over double the consensus estimates. Given that inflation indicators remain persistently above the RBA's target, the robust labour market translates into higher risks of demand-side price pressures, which could derail the inflation outlook. As such, the RBA may deliver a rate hike to curb the upside risks, providing tailwind to the AUD. The anticipation of widening rate differentials with BNM's OPR will exert downward pressure on the MYR, casting a bullish glow over the AUD/MYR pair.



Source: Bloomberg