ECONOMICS & GLOBAL FOREIGN EXCHANGE HIGHLIGHTS

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CONFLICTING SIGNALS AND AN INDEFINITE NAVAL BLOCKADE KEEP THE US–IRAN CEASEFIRE FRAGILE

An uneasy ceasefire. Investor risk appetite remained subdued amid conflicting signals from U.S. and Iran. Global markets initially staged a modest rebound when Trump indicated that both sides would proceed with a second-round of negotiations in Islamabad, Pakistan, supported by back-channel diplomatic efforts. Optimism was further bolstered by encouraging signals from Pakistan, chosen mediators for the meeting, and confirmation that U.S. Vice President JD Vance would lead the U.S. delegation. In a gesture of goodwill, Iran also announced the reopening of the Strait of Hormuz on 17 April, signalling its willingness to abide by the ceasefire agreement and reinforcing hopes for a potential reconciliation. At the regional level, tangential attacks between Israel and Lebanon were also suspended following the announcement of a 10-day ceasefire which reduced concerns of broader geopolitical instabilities across the region. However, the budding optimism proved to be short-lived. Within hours, Iran reinstated the closure of the Strait of Hormuz, citing the ongoing U.S. naval blockade on Iranian vessels. Tensions escalated further on 18 April when the U.S. Navy seized an Iranian shipping vessel, prompting Iran to withdraw from all ongoing negotiations. According to Iranian state media, the decision was made following U.S. violations of the ceasefire, continued naval blockade, excessive demands and constant contradictions. The collapse of peace talks renewed doubts over the prospects of a near-term resolution, leaving markets to kick off the week on a cautious footing ahead of the ceasefire deadline on 22 April.

Ceasefire extended indefinitely, contingent on the outcome of negotiations. The ceasefire extension was announced with only hours left on the clock, with Trump stating that the ceasefire and naval blockade would remain in effect until Iran submitted a peace proposal and talks were conclusively resolved. However, the extension offered little reassurance to markets. The absence of a clear timeline heightened concerns that geopolitical tensions may persist for longer than expected, marked by power plays and military posturing on both sides. With limited clarity on the path forward, investor sentiments remained restrained which was reflected in subdued trading activity across markets.

Sustained restrictions to trade flows kept energy prices elevated. Shipping restrictions imposed by both the U.S. and Iran also appeared to remain in place for longer than expected, with neither side signalling willingness to ease the blockade. Iran reiterated that its control over the Strait would remain until the U.S. naval blockade was lifted, while the U.S. maintained that its blockade is contingent on the outcome of negotiations with Iran. Against this backdrop, disruptions along the Strait of Hormuz are expected to persist, continuing to underpin higher global energy prices. Evidently, Brent crude prices persisted above USD100 pb during the week. Vessels transiting the Strait reported warning shots from Iranian forces with two container ships being seized on 22 April. These incidents marked the first of such actions by Iran since the onset of the conflict, potentially signalling an escalation in its operational posture. As of 24 April, the U.S. Central Command (CENTCOM) stated that the Navy had directed 34 Iranian vessels to return to port across its areas of operation in the Persian Gulf, Gulf of Oman and the Arabian Sea. Growing concerns that the U.S. could further expand the scope of its maritime blockade have added to market jitters, heightening the risk of a broader escalation. These fears were reinforced by remarks from U.S. Defense Secretary Pete Hegseth last Friday, who stated that the blockade is being expanded and is "going global."

Upcoming Events: Key Economic Data Release

Monday	**Malaysia Producer Prices (March), Singapore Industrial Production (March)**
Tuesday	**BoJ Interest Rate Decision, Japan Unemployment Rate (March)**
Wednesday	**Australia Consumer Prices (March), Singapore Producer Prices (March)**
Thursday	**FOMC, ECB & BoE Interest Rate Decision, Euro Area Preliminary 1Q2026 GDP, Consumer Prices (April) & Unemployment Rate (March), Japan Retail Sales & Industrial Production (March), U.S. Preliminary 1Q2026 GDP & March Personal Consumption Expenditure**
Friday	**Tokyo Consumer Prices (April)**

Table 1: Selected Currencies Overview

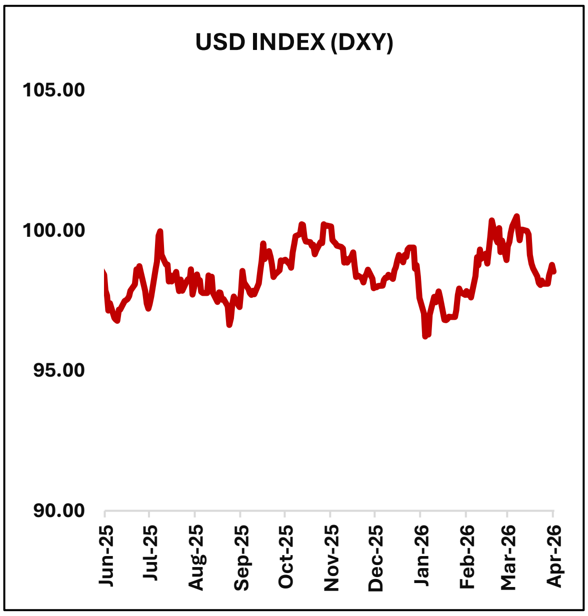
	10-Apr	17-Apr	24-Apr	WoW	YTD
DXY Index	98.65	98.10	98.53	0.4%	0.2%
USDMYR	3.97	3.95	3.96	0.4%	-2.4%
XAUUSD	4,749.75	4,830.34	4,709.50	-2.5%	9.0%
EURUSD	1.17	1.18	1.17	-0.4%	-0.2%
GBPUSD	1.35	1.35	1.35	0.1%	0.4%
AUDUSD	0.71	0.72	0.72	-0.3%	7.2%
USDSGD	1.27	1.27	1.28	0.5%	-0.8%
USDJPY	159.27	158.64	159.38	0.5%	1.7%
USDCNY	6.83	6.82	6.83	0.2%	-2.2%

Sources: Bloomberg, Bank Islam

Commentaries

DXY: USD climbed ahead of FOMC policy decision on 29 April

The USD index edged up by 0.4% last week as persistent geopolitical concerns weighed on investor confidence, while stronger than expected retail sales data reinforced bets of a steady U.S. Federal Reserve (Fed) this week. While the U.S.-Iran ceasefire was extended, the absence of a clear timeline fuelled concerns that the conflict may prove more prolonged than expected. Coupled with the ongoing maritime blockades by both Iran and U.S., shipping disruptions and elevated energy prices are expected to persist, which would have broader implications on inflationary pressures and global growths. Against this backdrop of heightened uncertainties, risk appetite remained subdued, continuing to underpin demand for dollar-denominated assets. Meanwhile, markets have fully priced in the likelihood of the Fed maintaining its Federal Funds Rate (FFR) at 3.50-3.75% on 29 April. Latest figures reinforced such expectations with retail sales jumping sharply to a twelve-month high of 1.7% m-o-m in March (Feb: 0.7%), reflecting the environment of higher oil prices as gasoline station receipts surged by 15.5%. Beyond fuel prices, core retail sales also rose by 0.7% (Feb: 0.6%), indicating sustained consumer spending momentum as second-round price pressures have yet to fully materialise. While inflation was seen to spike in March, the continued strength in consumer demand supported the case for a prolonged Fed pause. As such, until there is clearer evidence of a material slowdown in consumer spending as higher oil prices bled into consumer goods, investors are likely to maintain a "higher-for-longer" Fed outlook, providing structural support to the USD.

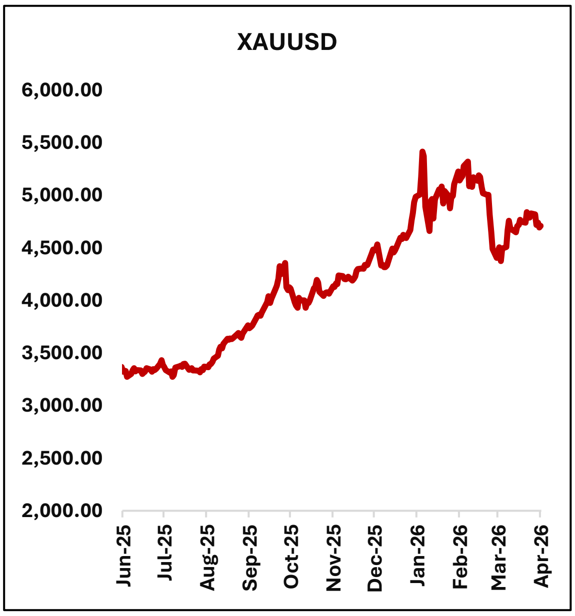


Source: Bloomberg

Short-term outlook: The Federal Open Market Committee (FOMC) meeting will take centre stage this week, alongside the preliminary 1Q2026 Gross Domestic Product (GDP) figures and the Senate confirmation vote for Kevin Warsh as the next Fed chair. At the current juncture, investors maintain a hawkish Fed bias, expecting the central bank to extend its pause until there is greater clarity on the impact of geopolitical tensions on inflation and growth. Accordingly, investors will be highly attentive to policy guidance from the Fed in shaping their policy outlook. The preliminary GDP figures will also be closely watched for signs of how the economy has been impacted by the U.S.-Iran conflict thus far, which will help market assess the balance of risks ahead, especially as the conflict appears increasingly protracted. Meanwhile, the path to Kevin Warsh's nomination has become clearer following the conclusion of the Department of Justice's (DoJ) investigation into Fed chair Jerome Powell, a key concern among Senate members. During his testimony with the Senate Banking Committee last week, Warsh signalled his aim to reinstate a strict 2% inflation target and emphasised the role of interest rates as the main policy tool to combat inflation, easing earlier concerns a more dovish approach under his leadership. Warsh also reaffirmed his commitment to uphold the Fed's independence, granting some reassurance to concerns of political interference during his term. Altogether, investors appeared largely reassured that the Fed will likely maintain a cautious and more balanced approach in navigating its policy path, which would continue to support the USD. This week, we expect the USD to trade bullishly within the 98.20-99.50 range.

XAUUSD: Gold price weakened as risk sentiments deteriorated

Gold price depreciated by 2.5% for the week ending April 24 amid prolonged geopolitical uncertainties. In the first half of the week, the XAU remained under pressure as talks between the U.S. and Iran fell through following escalations over the weekend, triggering fears that military operations will commence once the ceasefire ended on 22 April. As such, investors favoured holding their positions until greater clarity was observed. Accordingly, investor risk appetite continued to remain reserved despite the announcement of an extension to the ceasefire, pressured by the persistent uncertainties given the indefinite nature of the extension and the sustained U.S. naval blockade on Iran. In response, Iran rejected all talks with the U.S. and reaffirmed that the closure of the Strait of Hormuz will be maintained for the duration, signalling that hostilities may persist longer than expected. As such, the XAU remained subdued for the week, closing at USD4,709.50 on 24 April.

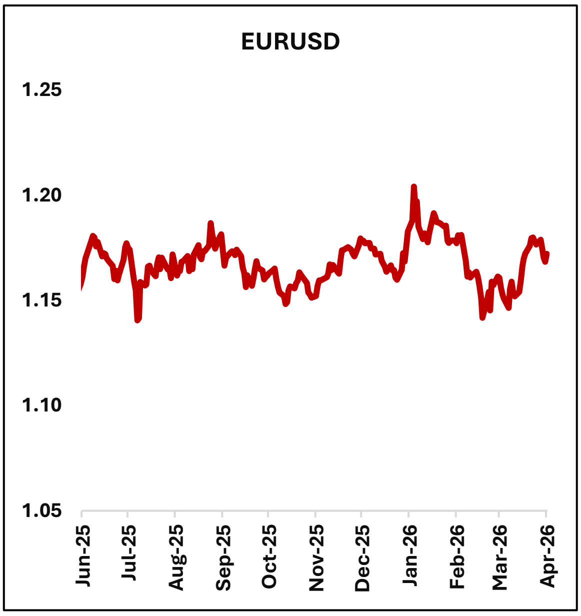


Source: Bloomberg

Short-term Outlook: Last Friday, early signs of renewed diplomatic engagement emerged as Iran's Foreign Minister Abbas Araghchi met with Pakistan's Prime Minister Shehbaz Sharif, Foreign Minister Ishaq Dar and military chief Asim Munir, to outline Iran's position on a potential framework to permanently end hostilities. The White House also shared that a U.S. delegation, led by Steve Witkoff and Jared Kushner, will be heading to Islamabad for "in-person" talks with Iran, aimed at reviving peace discussions again. However, the fluid nature of the conflict, characterised by conflicting signals and constant reversals, had kept markets cautious with initial reaction to the news remaining muted. True to fashion, the early optimism was swiftly dashed when Trump told reporters that he had cancelled the planned trip, clouding hopes for a resolution in the near-term. He indicated that Iran should initiate contact with the U.S. for further dialogue and dismissed the need for travel without a clear agenda, stating that the U.S. will not undertake similar trips only to "talk about nothing". Such reservations will likely complicate diplomatic engagements moving forward, keeping investors on high alert on how further negotiations may unfold. In the near term, the XAU is expected to trade with a cautious bias with immediate resistance is seen around USD4,850 while support emerged around USD4,650.

EURUSD: EUR weakened as Middle East conflict weighed on confidence

The euro (EUR) slipped by 1.4% w-o-w for the week ending 24 April amid a relatively light calendar week domestically, leaving the currency largely dominated by the trajectory of the USD and broader geopolitical concerns. On the data front, flash Purchasing Managers' Index (PMI) showed that Eurozone's manufacturing remained robust while the services sector is gradually losing momentum. The Manufacturing PMI rose to 52.2 in April (Mar: 50.8), the highest level since May 2022, suggesting that factory activities remained solid despite mounting external headwinds. Meanwhile, the Services PMI slipped to 47.4 in April from 50.2 in March, marking the first contraction since May 2025. The decline indicate that consumers are bracing for an environment of prolonged Middle East conflict, coupled with higher prices and fuel-related shortages, causing consumers to gradually dial back on discretionary spending. Both PMIs indicated that businesses and consumers alike are increasingly concerned over geopolitical developments, which are likely to weigh on economic activities and increase downside risks to growth.

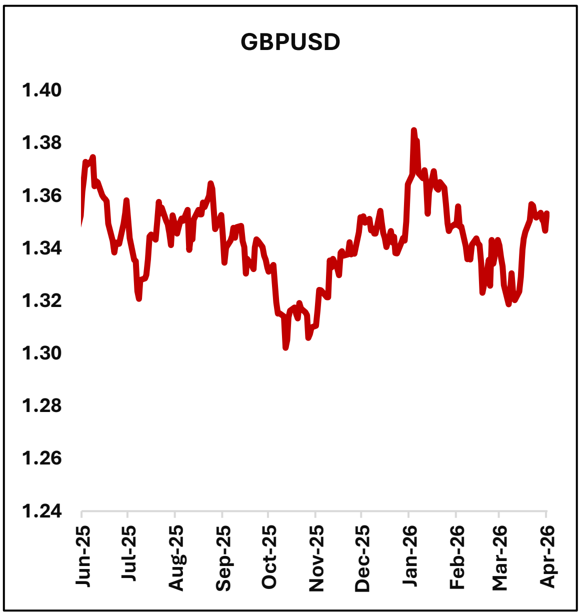


Source: Bloomberg

Short-term Outlook: FX markets will be closely focused on the ECB's policy decision this week. While rates are widely expected to remain unchanged, the reaction function and forward guidance will be key for EUR direction. The ECB has previously signalled that its easing cycle is nearing completion, but with inflation risks tilted to the upside and growth risks becoming increasingly pronounced, markets are looking for greater clarity on the balance of risks and the timing of any next move. Incoming data ahead of the meeting, including Eurozone's preliminary 1Q2026 GDP and April CPI, will help define that backdrop and could shape near-term EUR expectations. From a trading perspective, EUR/USD is expected to consolidate with a neutral-to-mildly bullish bias, supported on dips, within a 1.1680–1.1790 range over the week.

GBPUSD: British Pound rose amid emerging upside risks to inflation

The British pound (GBP) edged 0.1% higher w-o-w, supported by mounting evidence of renewed inflationary pressure that strengthens the case for a Bank of England (BoE) pause. UK inflation has been exacerbated by the US–Iran conflict, with headline CPI rising to 3.3% y-o-y in March (Feb: 3.0%), marking a twelfth consecutive month above the 3% threshold. The upside surprise was largely driven by transport costs, which surged to 4.7% y-o-y, the strongest reading since December 2022, amid a 4.9% jump in motor fuel prices. Beyond energy-linked components, price pressures remain broad-based, with housing and household services inflation edging up to 4.3%, food and non-alcoholic beverages to 3.7%, and services inflation climbing further to 4.5%. This breadth of price increases points to a heightened risk of more persistent second-round effects, materially skewing inflation risks to the upside and complicating the BoE's policy trajectory. Producer-price dynamics reinforce this concern. Input prices surged 5.4% y-o-y in March (Feb: 0.7%), while monthly growth accelerated sharply to 4.4%, with both measures reaching multi-year highs. This underscores the severity of the energy-driven cost shock and raises the likelihood of further pass-through to consumer prices ahead. Output prices have also begun to firm, albeit more gradually, with annual PPI rising to 2.6% (Feb: 1.8%) and monthly growth rebounding to 0.9%, reversing the prior month's decline. Taken together, these developments suggest GBP support may persist in the near term, as markets reprice a higher-for-longer BoE stance.

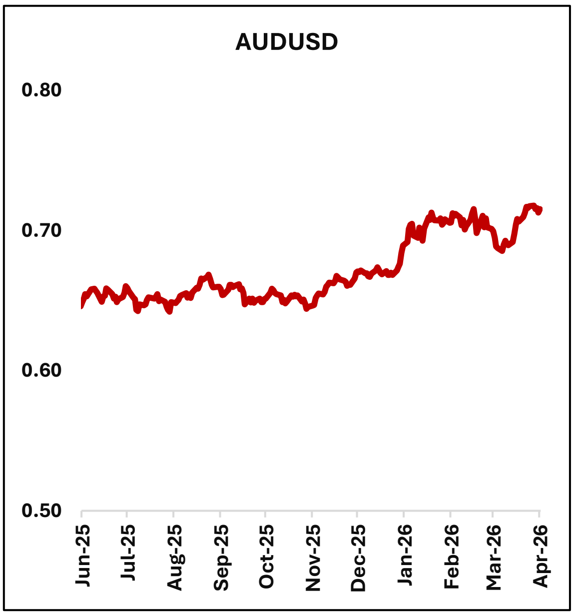


Source: Bloomberg

Short-term Outlook: Investor focus will turn to the BoE's policy decision on Thursday, with markets widely expecting the Bank Rate to remain unchanged at 3.75%. Among major central banks, the BoE faces an especially difficult balancing act between persistent inflation risks and a softening growth outlook, a tension that is increasingly evident within a divided Monetary Policy Committee. At its previous meeting, policymakers narrowly split, with five members voting to pause and four favouring a rate cut, underscoring the lack of consensus complicating the policy outlook. Escalating geopolitical tensions have further clouded the picture by amplifying risks on both sides of the BoE's mandate. As a result, forward guidance will be critical. A signal that policymakers are leaning towards a slower pace of easing to contain inflation pressures could offer modest near-term support to sterling, while a stronger emphasis on growth risks would likely cap GBP upside. Against this backdrop, we expect GBP/USD to trade with a mildly bullish bias within the 1.3440–1.3580 range.

AUDUSD: Australian Dollar depreciated amid a light calendar week

The Australian dollar (AUD) dipped by 0.3% for the week ending 24 April, pressured by the broad-based USD strength. Domestically, the economic calendar was light, offering limited support to the AUD. Latest data showed that Australia's provisional Manufacturing PMI rose to 51.0 in April (Mar: 49.8), rebounding back to the expansionary zone as output declined at a slower pace. Nevertheless, new orders, employment and inventory growth moderated, underscoring the spillover effects from geopolitical tensions in the Middle East. Notably, supplier delivery times lengthened at the sharpest pace since mid-2022, highlighting delays across key shipping routes. Australia's reliance on energy imports from the Gulf amplified the impact with supply disruptions reported nationwide, affecting both consumers and producers. Beyond supply shocks, the conflict resulted in surging global energy prices and higher freight costs, driving input cost inflation to the highest level in almost four years. As such, the expansion of the manufacturing sector appears fragile, at risk of losing momentum as supply disruptions and higher prices weigh on demand and compress profit margins. As investors await greater clarity on broader implications on Australia's economy, the AUD continued to trade with a subdued bias, closing the week at 0.7610.

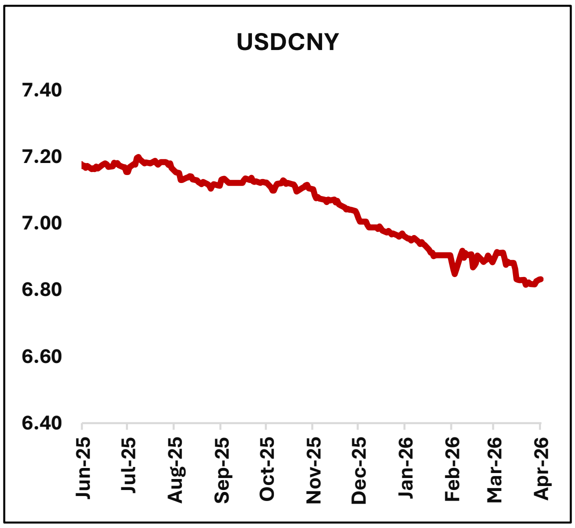


Source: Bloomberg

Short-term Outlook: This week, investors will closely monitor the release of March's Consumer Price Index (CPI) and Reserve Bank of Australia (RBA)'s trimmed mean CPI, which will provide clearer insights into how the Middle East conflict has affected domestic price dynamics. Should the data confirm a pickup in inflationary pressures, it will reinforce expectations of a hawkish RBA. Thus far, the RBA has greater policy flexibility, given Australia's solid economic momentum and resilient labour market. Taken together, rising inflation will strengthen the case to maintain its cash rate at 4.00% in May, while keeping the door open for a potential rate hike later in the year. However, as the conflict persists for longer, the economy may begin to feel the start, requiring caution over aggressively tightening the monetary policy. In the near term, we expect the AUD/USD pair to trade with a bullish bias within a 0.7110–0.7190 range.

USDCNY: Chinese Yuan dipped as China struggled to sustain growth momentum

The Chinese yuan (CNY) declined by 0.2% last week, failing to derive support from the People's Bank of China (PBoC) policy decision as markets have fully priced in the likelihood. The central bank maintained the one-year Loan Prime Rate (LPR) at 3.0% while the five-year LPR is kept steady at 3.5%, in line with expectations, reflecting heightened caution amid mounting external headwinds and a fragile domestic demand momentum. Of note, China's economy expanded stronger than expected to 5.0% y-o-y in 1Q2026 (4Q2025: 4.5%), supported by robust growth in the first two months of the year. However, external demand has begun displaying signs of strain with exports slowing sharply in March, reflecting a dip in business confidence that may deteriorate further should the US-Iran conflict persist. Additionally, domestic demand appeared to soften with retail sales moderating to 1.7% in March (Jan-Feb: 2.8%). The easing momentum suggested that China's persistently sluggish consumer confidence has come under greater pressure, potentially undermining the slight pickup earlier. As such, domestic demand is likely to weaken further and amplify downside risks to growth should geopolitical tensions escalate further.

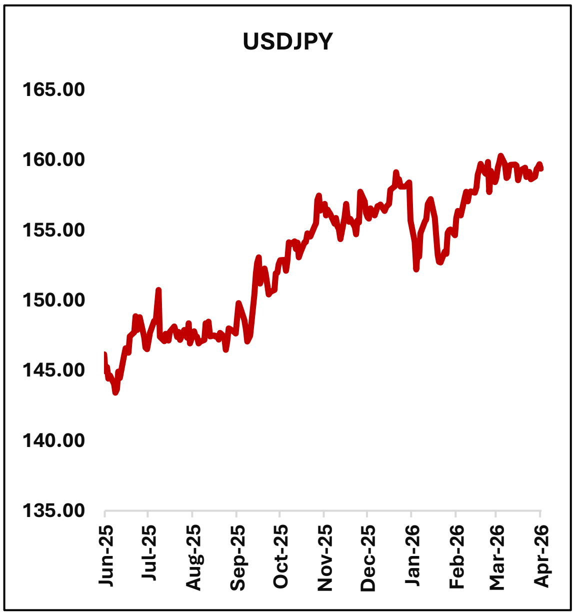


Source: Bloomberg

Short-term Outlook: Looking ahead, markets are pricing in a prolonged PBoC pause, taking cues from the central bank's commitment to keep a supportive and "moderately loose" policy stance to stabilize growth. With both domestic and external demand showing early signs of easing following heightened U.S.-Iran geopolitical tensions, a more prolonged conflict may pose a material downside risk to the growth, reinforcing a steady PBoC outlook. On the other hand, price pressures remained subdued, suggesting that the immediate inflationary impact of the Middle East conflict is relatively contained against a backdrop of ample oil reserves and state controls that helped mitigate price volatility. As such, downside risks to growth appear to outweigh inflation concerns, complicating China's path in sustaining a stable growth momentum. As such, we expect the USD/CNY pair to trade with a slightly bullish bias within a 6.8150–6.8280 range.

USDJPY: Japanese Yen depreciated as markets priced in BoJ pause

The Japanese yen (JPY) eased by 0.5% w-o-w last week as inflation remained below the Bank of Japan (BoJ)'s 2.0% target, reinforcing expectations of a pause in its upcoming 28 April meeting. March headline inflation rose to 1.5% (Feb: 1.3%), underpinned by transport costs jumping sharply to a four-month high of 2.1% (Feb: 0.5%). Similarly, core inflation, excluding fresh food but includes energy, rose to 1.8% from 1.6% in February. Despite the upticks, both measures remained contained below 2.0%, reflecting a low base effect and ongoing government fuel subsidies that helps cushion households from volatile energy prices. On the other hand, core-core inflation eased to 2.4% in March (Feb: 2.5%) as food inflation eased to a 17-month low (Mar: 3.6% vs. Feb: 4.0%). The mixed inflation picture, marked by rising energy-related prices but easing core-core momentum, clouded over investor policy expectations. Naturally, higher oil prices would underpin greater inflationary pressures, but the impact thus far has been contained, while sustained easing in core prices is reducing upside risks to inflation. Against this backdrop, the BoJ may have greater policy flexibility to navigate its tightening cycle. Furthermore, industrial production and retail sales had declined in February, suggesting scope for further slowdown following the escalation in geopolitical tensions. Energy supply disruptions and higher freight costs are expected to weigh on business confidence and factory activities, augmenting downside risks to growth. As such, investors are expecting the BoJ to keep its interest rate steady this Tuesday while signalling a more cautious stance moving forward. However, second-round price effects should not be discounted, adding another layer of uncertainty to the BoJ path.

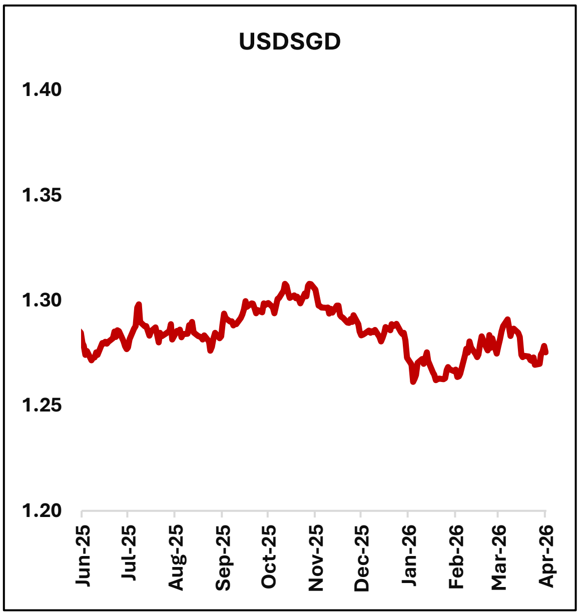


Source: Bloomberg

Short-term Outlook: This week, investor attention will focus on the BoJ policy decision on 28 April. While markets have fully priced in the likelihood of a pause, the meeting is expected to provide clearer signals on the central bank's approach moving forward. With inflation rising more gradually than initially expected, concerns are mounting that downside risks to growth may become more pronounced, particularly given Japan's heavy reliance on energy imports from the Middle East. Notably, the JPY's persistent weakness also emerged as a key consideration with Finance Minister Satsuki Katayama warning against speculative activity that has been pressuring the JPY, raising the probability of a currency intervention. As such, the BoJ appears to be at a crossroads, weighing between resuming its tightening cycle to combat inflation and maintain currency stability, against the need to extend a pause until greater clarity emerges on the impact of the conflict. The release of March's industrial production, unemployment rate and retail sales data will also provide a closer insight into the economy post- conflict, complementing the BoJ guidance and helping investors to assess the balance of risks ahead. In light of this, we expect the USD/JPY to trade cautiously around the 158.50-159.95 range.

USDSGD: Singaporean Dollar fell despite rising price pressures

The Singapore dollar slipped by 0.5% w-o-w last week despite an uptick in inflation, pressured by the environment of prolonged geopolitical uncertainties. Headline inflation climbed to 1.8% y-o-y in March (Feb: 1.2%), the highest level since September 2024. The increase was mainly driven by a sharp rise in transport costs (Mar: 6.0% vs. Feb: 2.7%) amid higher petrol pump prices, reflecting the rise in global oil prices. Meanwhile, health (Mar: 4.0% vs. Feb: 4.2%) and recreation, sport and culture inflation (Mar: 1.7% vs. Feb: 1.9%) eased during the month, while housing and utilities costs (0.3%) and food inflation (1.6%) remained stable. On a monthly basis, headline inflation eased to 0.5% (Feb: 0.6%). In contrast, prices increased for several categories including clothing and footwear (Mar: 0.9% vs. Feb: -0.9%), communication (Mar: 0.5% vs. Feb: -1.4%) and miscellaneous goods and services (Mar: 1.5% vs. Feb: 0.5%). Core inflation climbed to 1.7% in the same month (Feb: 1.4%), marking the highest level since November 2024. The sharp rise was underpinned by the increase in miscellaneous goods and services inflation, given its sensitivity to cost shocks and the tendency for service-related costs to adjust more quickly to reflect higher inflation expectations compared to goods categories. However, the growing inflation momentum has yet to spark concerns among investors, keeping the SGD dominated by the movement of the USD.

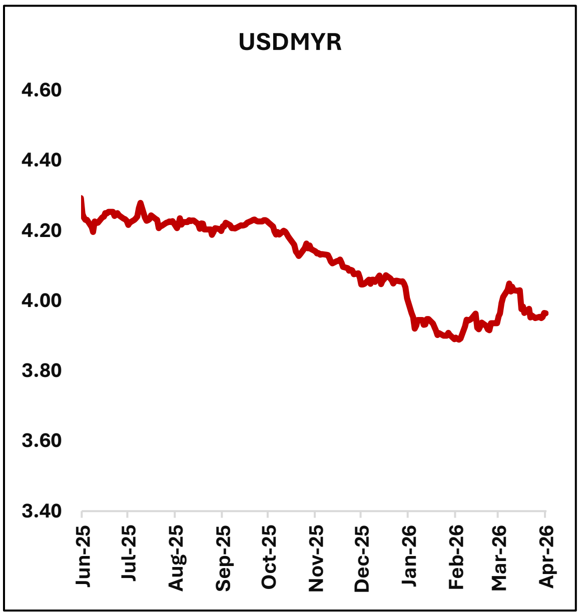


Source: Bloomberg

Short-term Outlook: Looking ahead, concerns are increasingly skewed towards downside risks on the economy stemming from the impact of the Middle East geopolitical tensions. Advanced figures showed that growth eased to 4.6% y-o-y in 1Q2026 (4Q25: 5.7%) with manufacturing emerging as the main drag. The manufacturing sector is expected to moderate to 5.0% from a double-digit growth of 11.4% in 4Q25, pointing towards a material slowdown in production activities as external demand weakens. Thus, the upcoming March industrial production data will offer a closer look at the underlying momentum. Should the data confirm the expected slowdown, it may derail the 2026 growth outlook. However, a resilient growth would bolster investor confidence, suggesting that the economy may yet achieve an anchored growth. In the near term, we maintain a bullish view on USD/SGD, expecting the pair to trade within the 1.2710–1.2780 range.

USDMYR: The Ringgit weakened amid signs of slowing exports

The ringgit (MYR) weakened by 0.4% w-o-w last week as heightened geopolitical uncertainty dampened risk sentiment. Earlier in the week, the Ringgit had found some support from Malaysia's resilient export performance. March trade data showed exports accelerating by 8.3% y-o-y, moderating slightly from February's 10.7% pace. Electrical and electronics (E&E) exports remained the primary growth driver (Mar: 15.0% vs. Feb: 28.5%), supported by sustained technology demand and ongoing global Artificial Intelligence (AI) adoption. Meanwhile, exports of manufactured petroleum products rebounded sharply, rising 23.7% y-o-y after contracting 23.5% previously. On a sectoral basis, export momentum showed some unevenness. Manufacturing shipments eased to 9.7% y-o-y (Feb: 12.7%), while mining and agriculture exports declined by 0.4% and 7.8%, respectively. Despite expectations for stronger export momentum following the reduction of U.S. tariffs on Malaysian goods to 15% from 19%, evolving geopolitical tensions appear to be weighing on external demand, with technology-related exports remaining the key exception. Towards the end of the week, the Ringgit softened against the USD as the extension of the ceasefire heightened uncertainty over the conflict timeline, reinforcing concerns that tensions may persist for longer than initially expected.



Source: Bloomberg

Short-term Outlook: Looking ahead, March PPI data will kick off the week, providing an early read on price pressures at the factory gate. That said, Malaysia's PPI has remained persistently subdued, and recent data suggest that the pass-through from the conflict to consumer prices has largely been contained. This supports expectations that the near-term impact on producer prices may remain limited. Meanwhile, the economy is expected to stay resilient in 1Q2026, underpinned by firm domestic demand. Against this backdrop, investors are likely to remain cautious on the MYR until clearer evidence emerges on the spillover effects of the conflict, whether through economic activity or price dynamics. For the week ahead, USD/MYR is expected to trade with a mildly bullish bias within the 3.9350–3.9750 range.

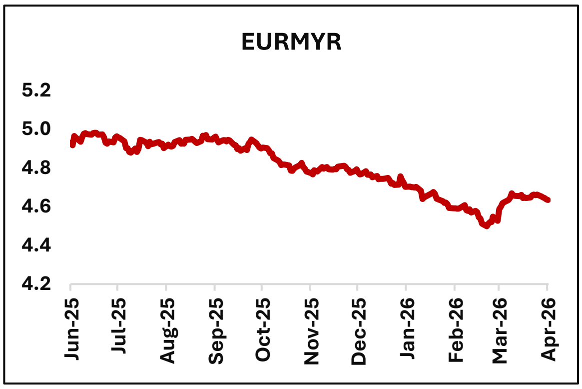
Table 2: Selected Currencies Overview (MYR Crosses)

	10-Apr	17-Apr	24-Apr	WoW	YTD
USDMYR	3.9653	3.9505	3.9645	0.4%	-2.4%
EURMYR	4.6437	4.6614	4.6337	-0.6%	-2.7%
GBPMYR	5.3287	5.3456	5.3452	0.0%	-2.0%
SGDMYR	3.1119	3.1069	3.1026	-0.1%	-1.7%
JPYMYR	2.4897	2.4917	2.4879	-0.2%	-4.0%
AUDMYR	2.8026	2.8335	2.8266	-0.2%	4.2%
CNYMYR	0.5806	0.5797	0.5802	0.1%	-0.1%

Sources: Bloomberg, Bank Islam

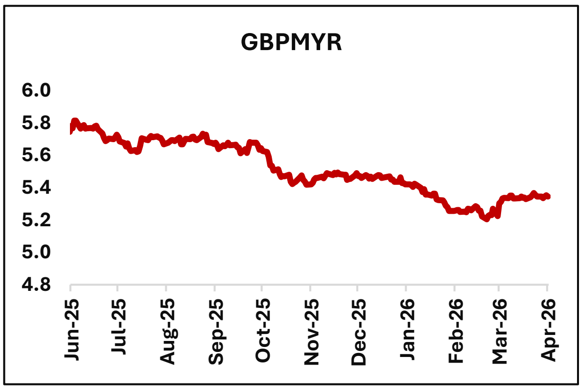
Short Term Outlook for Ringgit Pairs

The outlook for EUR/MYR remains slightly bullish as investor's focus will be dominated by heavy hitters on the Eurozone data calendar, including the 1Q2026 advanced GDP and April inflation data, followed by the ECB policy decision on 30 April. These slew of indicators is expected to point towards a pickup in inflationary pressures, reinforcing a more hawkish ECB policy stance ahead and providing bullish momentum to the EUR relative to the MYR.



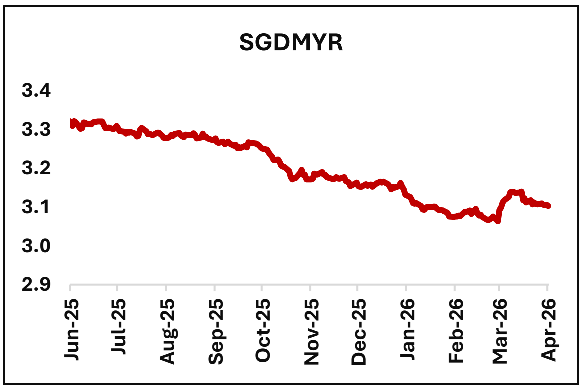
Source: Bloomberg

The outlook for GBP/MYR is mildly bullish amid clearer signs of rising inflation in the UK. Higher global oil prices have amplified domestic price pressures, reinforcing concerns that the environment of persistent inflation will persist for longer and necessitating a stricter BoE policy approach. However, the Committee appears split on the appropriate approach, highlighting the challenging backdrop of risks. In light of this, investors expect the BoE to approach with caution, pointing towards a slower pace of policy normalisation. As such, the GBP will be more attractive against the MYR this week. However, should the BoE emphasise on downside growth risks, investors may pull back and the GBP will likely retreat.



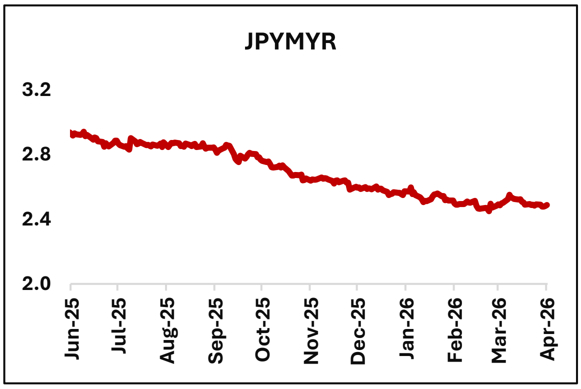
Source: Bloomberg

The outlook for SGD/MYR is slightly bearish following expectations of a slowdown in Singapore's manufacturing sector. Based on official figures, the manufacturing sector is expected to significantly ease in 1Q2026, reflecting weakening external demand amid mounting external headwinds. However, both Malaysian and Singaporean economies are broadly expected to moderate in the first quarter, keeping the currencies relatively matched.



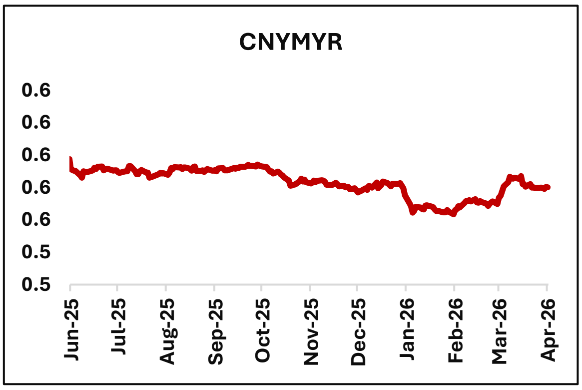
Source: Bloomberg

The outlook for JPY/MYR is slightly bearish as the JPY's persistent weakness has outweighed expectations of a BoJ pause this week. The inflationary impact of higher oil prices is materialising more gradually than expected while downside risks to the economy has intensified, prompting markets to recalibrate their BoJ rate hike bets. However, Japanese officials have signalled the possibility of policy intervention to stabilise the JPY against speculative moves, a stance that could be echoed in the upcoming BoJ guidance. As such, while the JPY/MYR currency pair is expected to trade with a bearish bias, the JPY's near-term weakness may be partially limited.



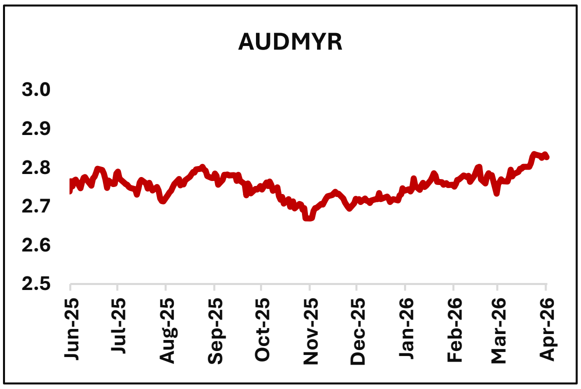
Source: Bloomberg

The outlook for CNY/MYR is mildly bearish as China's growth outlook grows increasingly uncertain. Recent data indicated that both domestic and external demand is gradually losing momentum, potentially derailing the 2026 outlook. Based on the latest PBoC meeting, the central bank reaffirmed its commitment to keep a supportive policy stance, providing modest support to the CNY. In contrast, Malaysia's domestic demand is anticipated to remain as key growth pillar, supported by a backdrop of policy support, solid labour market conditions and manageable inflation. As such, the MYR will gain the slightest edge in the near-term, backed by the comparative growth outlooks, unless a material downside risk emerges.



Source: Bloomberg

The outlook for AUD/MYR is bullish as Australia's inflation releases take centre stage this week. Should the data confirm rising inflation momentum, it will reinforce a hawkish RBA policy stance, providing catalyst for the AUD to appreciate. Meanwhile, Bank Negara Malaysia (BNM) has signalled a stable Overnight Policy Rate (OPR) outlook, solidifying the case that the OPR will be maintained at 2.75% in 2026, barring substantial price shocks. As such, the interest rate differentials will continue to favour the AUD against the MYR.



Source: Bloomberg