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THE USD STAND AT A CRITICAL JUNCTURE AS INVESTORS FOCUS ON UPCOMING U.S. LABOUR MARKET DATA AND U.S.-IRAN GEOPOLITICAL DEVELOPMENTS

U.S. Federal Reserve (Fed) kept its key interest rate unchanged, but bias remains towards additional tightening. The U.S. Fed maintained its Federal Funds Rate (FFR) at 3.50—3.75% in July, in line with expectations. The policy decision was split, with three Board members, Beth Hammack, Neel Kashkari and Lorie Logan, dissenting in favour of a 25-bp rate hike, which signaled a tightening bias within the central bank. The monetary policy statement itself struck a rather hawkish tone, reaffirming the Fed's commitment to deliver price stability. Against the backdrop of fresh geopolitical volatility in the Middle East and persistent energy-related supply shocks, the commitment points towards a preference for more cautious and restrictive policy stance until inflation risks are more firmly contained. In the post-meeting press conference, Fed Chair Kevin Warsh also emphasized that the decision should not be taken as a pause, which investors had taken as a hint for a potential move in the coming months. Consequently, the probability of a September hike increased to almost 65.0%, up from around 55.0% a week earlier.

Nevertheless, the Fed faces an increasingly complex policy trade-off. While the policy statement itself offers limited guidance on the future monetary policy path, a closer examination highlights the challenging environment the central bank must navigate. On one hand, economic activity is still expanding at a solid pace despite elevated uncertainties partly linked to the Middle East geopolitical conflict. Meanwhile, productivity growth and capital investment remain relatively strong, supported by the ongoing global Artificial Intelligence (AI) wave. On the other hand, the job market appears less robust than the statement implies. While the Fed maintained that job gains have kept pace with the workforce, consistent with its previous assessment, the observation belies increasingly concerning labour market signals. Over 720K people exited the workforce in June, likely reflecting a mix of stricter immigration crackdowns and gradually cooling labour demand. As a result, the labour force participation rate (LFPR) eased to 61.5%, its lowest level since 1976 when excluding the pandemic-related distortions between 2020 and 2021. Thus, the assurance that job gains are expanding in line with the workforce warrants a more cautious interpretation. The trend does not necessarily signal underlying labour market strength, rather that a shrinking workforce has masked the emerging signs of slowing employment growth.

This view is supported by recent softness in June's nonfarm payrolls (NFP) data. Employment growth slowed to the weakest level in four months at 57K (May: 129K), undershooting consensus estimates of 110K, with private employment rising by only 49K (May: 97K, Exp: 110K). Payrolls for April and May were revised lower by a cumulative 74K, suggesting that the pace of job creation is far weaker than initially estimated. Taken together, the data suggest that both labour supply and demand are becoming increasingly constrained, raising concerns that prolonged geopolitical uncertainty and supply-side disruptions are beginning to weigh on domestic economic activity. Recent growth data also point towards a gradual moderation in growth momentum, heightening concerns

surrounding the outlook. The U.S. economy expanded by 1.5% q-o-q in 2Q2026 (1Q2026: 2.1%), reflecting weaker government expenditure, negative net trade contributions and softer investment activity, particularly in intellectual property products and structures.

Inflation remains elevated relative to the Fed's 2.0% goal despite emerging disinflation signals. June's Personal Consumption Expenditure (PCE) inflation points towards the ongoing disinflationary trend. Headline inflation declined by 0.1% m-o-m (May: 0.5%), bringing the annual rate down to 3.7%. However, this largely predates the latest surge in energy prices, which saw Brent crude briefly exceed USD100 per barrel and WTI rise above USD90 per barrel. As a result, July inflation readings may face renewed upward pressure should energy market volatility persist. Core inflation rose by a marginal 0.1% m-o-m, below consensus estimates of 0.2% (May: 0.3% m-o-m), suggesting that price pressures remain relatively contained. On an annual basis, core inflation moderates to 3.3% in June (May: 3.4%). Despite the moderations across consumer price dynamics, these figures remain well above the Fed's target. Additionally, second-round effects remain as upside risks to the inflation outlook. Fed Chair Warsh acknowledged that these lagged effects remain a key concern for the Fed, with Board members remaining vigilant on monitoring the pass-through of elevated price pressures into broader consumer goods and services.

Amid emerging signs of moderating economic activity and persistent upside risks to the inflation outlook, the Fed is likely to maintain its cautious and data-dependent approach. The next Federal Open Market Committee (FOMC) meeting in September will provide policymakers with the opportunity to assess two additional months of economic and inflation data, offering a clearer look at how the geopolitical developments and energy-related supply shocks have filtered through to domestic demand conditions. While easing labour market momentum may argue for policy restraint, inflation remains elevated with volatile energy prices posing as persistent risks. As such, the Fed is expected to remain cautious as it balances growth concerns against its commitment to restore price stability.

Upcoming Events: Key Economic Data Release

Monday	S&P Global Manufacturing PMI
Tuesday	U.S. JOLTs Job Openings (June), Australia Household Spending (June)
Wednesday	S&P Global Services PMI, BoJ Meeting Minutes, U.S. ADP Employment Change (July), Eurozone Producer Prices (June), Singapore Retail Sales (June)
Thursday	Australia Trade Performance (June), Eurozone Retail Sales (June), U.S. Challenger Job Cuts (July)
Friday	China Trade Performance (July), U.S. Labor Market Figures (July), Japan Household Spending (June)

Table 1: Selected Currencies Overview

	17-Jul	24-Jul	31-Jul	WoW	YTD
DXY Index	100.77	101.47	99.91	-1.5%	1.6%
USDMYR	4.10	4.09	4.09	-0.1%	0.6%
XAUUSD	4,017.39	4,052.79	4,046.15	-0.2%	-6.3%
EURUSD	1.14	1.14	1.15	1.4%	-1.9%
GBPUSD	1.35	1.33	1.35	1.2%	0.1%
AUDUSD	0.70	0.70	0.70	0.6%	5.2%
USDSGD	1.29	1.29	1.28	-0.6%	-0.2%
USDJPY	162.40	163.83	157.40	-3.9%	0.4%
USDCNY	6.78	6.77	6.75	-0.3%	-3.4%

Sources: Bloomberg, Bank Islam

pressures. Overall, we expect the USD to trade with a mildly bearish bias. A sustained break below 100.0 will reinforce the clear break from the USD's bullish momentum before, paving the way for further downside moves. However, its trajectory could be altered, subject to domestic and geopolitical developments.

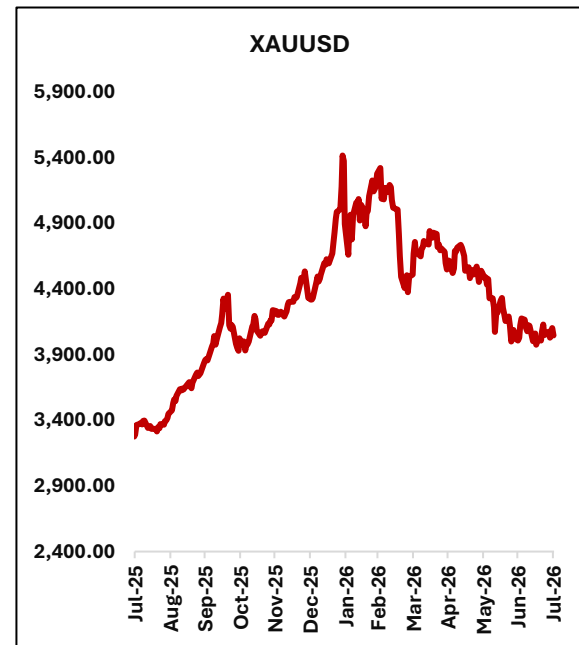
XAUUSD: Gold price extended its bearish momentum

Gold (XAU) traded without a clear directional bias last week as persistent geopolitical uncertainties continued to reinforce inflation concerns, largely overshadowing the metal's traditional safe-haven appeal. On a weekly basis, the XAU edged lower by 0.2%, reflecting investors' continued preference to maintain short positions. In recent weeks, gold has generally traded with a bearish bias amid concerns that escalating geopolitical tensions could disrupt global trade and energy supply routes. These risks have contributed to higher oil prices, fuelling expectations of renewed inflationary pressures and increasing the likelihood that major central banks may need to maintain restrictive monetary policy settings for longer. Against this backdrop, the attractiveness of non-yielding assets such as gold diminished, resulting in its relative underperformance against major currencies. Trading conditions at the start of last week were supported by tentative optimism over a potential de-escalation in Middle East tensions following reports that the United States had suspended military action against Iran. However, the development provided little relief for gold prices, as it failed to materially alter investors' expectations for the global interest rate outlook. By mid-week, geopolitical tensions re-emerged after relations between the U.S. and Iran deteriorated further, while reports of drone attacks on a U.S.-owned vessel at an Egyptian port marked a notable escalation, representing the first such incident involving Egypt. Nevertheless, market participants largely interpreted these developments through the lens of their potential inflationary implications rather than as catalysts for safe-haven demand. Concerns over higher energy prices and persistent inflation continued to dominate investor sentiment, limiting gold's ability to attract defensive inflows. As a result, investor conviction towards bullion remained subdued, with gold consolidating within a relatively narrow trading range throughout the week before closing at USD4,046.15 per ounce.

Short-term Outlook: Moving forward, the near-term outlook for the XAU remains neutral-to-mildly bearish. Without any material shifts in major central banks' policy expectations, particularly the Fed, the XAU will struggle to generate meaningful upside momentum. Recent price action suggests that investors remain subdued on rebuilding long positions in the bullion. However, should there be clear progress towards a diplomatic engagement between U.S. and Iran, the USD may come under pressure which would provide modest near-term upside to the XAU. This week, immediate resistance is observed around USD 4,150, while key support emerges near USD 4,000.

EURUSD: EUR appreciated as investors price in a September hike

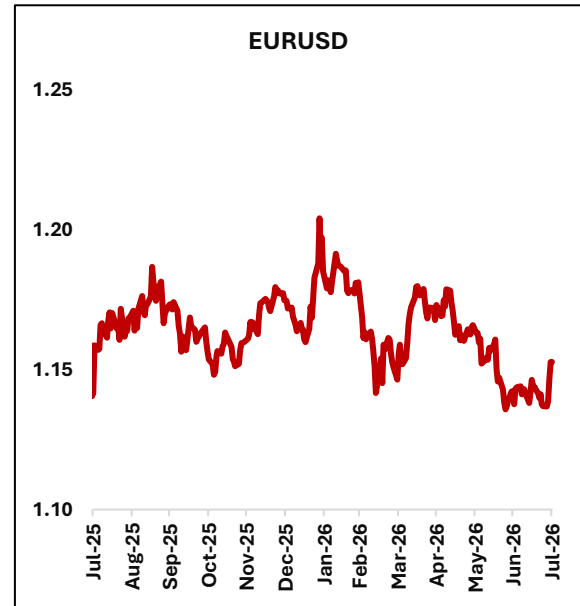
The euro (EUR) strengthened by 1.4% w-o-w as a more resilient-than-expected economy and inflation uptick paves the way for a more restrictive European Central Bank (ECB) policy stance. In its July meeting, the ECB kept its key interest rates unchanged, highlighting that the outlook for energy prices remains broadly consistent with the baseline staff projections in June. Nonetheless, the tone struck was highly cautious. The ECB reaffirmed that uncertainty remains elevated, particularly amid the episodic volatility in the Middle East, which continues to underpin supply-side risks. With little clarity on how the geopolitical conflict will develop, the ECB signalled a wait-and-see approach as it continues to monitor the intensity and duration of the linked energy shock and the extent of its impact on the economy. As widely anticipated, headline inflation accelerated to 2.9% y-o-y in July (June: 2.8%), reflecting the recent rebound in global oil prices. While direct impact on domestic price dynamics may reflect volatility across energy markets, the central bank flagged indirect and second-round effects as key upside risks to inflation. Core inflation also increased to 2.5% y-o-



Source: Bloomberg

y in July (June: 2.4% y-o-y), slightly higher than consensus estimates of 2.4%. The increase sparked concerns of broadening price pressures, fuelling tentative hopes for a September hike. Meanwhile, the Eurozone economy had expanded at a five-quarter high of 0.4% q-o-q in 2Q2026, supported by robust AI-related investment and government spending. Despite heightened supply-side pressures, the economy proved more resilient than expected, providing greater flexibility for the ECB. Taken together, investors began to weigh the likelihood of a September move, supporting the appreciation of the EUR. The EUR broke decisively above the 1.14-resistance zone last Wednesday before advancing past the next resistance level at 1.15 on Thursday, closing the week at 1.1527.

Short-term Outlook: Investors will be closely monitoring the release of June's producer prices and retail sales figures this week. While investors anticipate a slight moderation in the producer price index (PPI), it is expected to remain relatively elevated compared to the 2024-2025 average, which supports the case for additional ECB tightening. However, a softer-than-expected PPI, coupled with tentative hopes of a near-term resolution to U.S.-Iran tensions, may exert some pressure on the EUR. Meanwhile, the retail sales data will provide closer insights into domestic demand, with any indication of resilient consumer spending reaffirming hawkish market expectations. In the near term, the EUR/USD pair will likely trade with a bullish bias, moving within the 1.1480 to 1.1560 range.



Source: Bloomberg

GBPUSD: British Pound rebounded following BoE's meeting

The British pound (GBP) strengthened by 1.2% w-o-w last week, supported by a widening hawkish split within the Bank of England (BoE) and growing market expectations that UK interest rates may remain elevated for longer. As widely anticipated, the BoE voted to keep the Bank Rate unchanged at 3.75%. The central bank also noted that inflation risks remain skewed to the upside amid persistent geopolitical uncertainties and elevated energy-related pressures. Inflation may rise in coming months as higher energy costs gradually trickle into domestic prices, reinforcing the need to maintain a sufficiently restrictive monetary backdrop. Notably, the policy decision was approved by a 6-3 majority, with three Committee members voting for a 25-bp hike to 4.0%. The vote split reflected an increasingly hawkish divide among policymakers amid growing concerns that underlying price pressures could be more persistent than expected. Evidently, while headline inflation moderated in June (2.6% vs. May: 2.8%), underlying inflationary pressures appeared sticky. Core inflation held steady at a three-month high of 2.6%, surpassing estimates of a slowdown to 2.5%. The reading pointed towards price pressures potentially becoming more entrenched across consumer goods and services, which would complicate the broader disinflation progress. Meanwhile, the economy appeared more resilient than expected, expanding by 1.3% y-o-y in May, the strongest growth in almost a year. As such, the balance of growth and inflation risks remain modestly biased for additional BoE tightening, providing underlying support to the GBP.



Source: Bloomberg

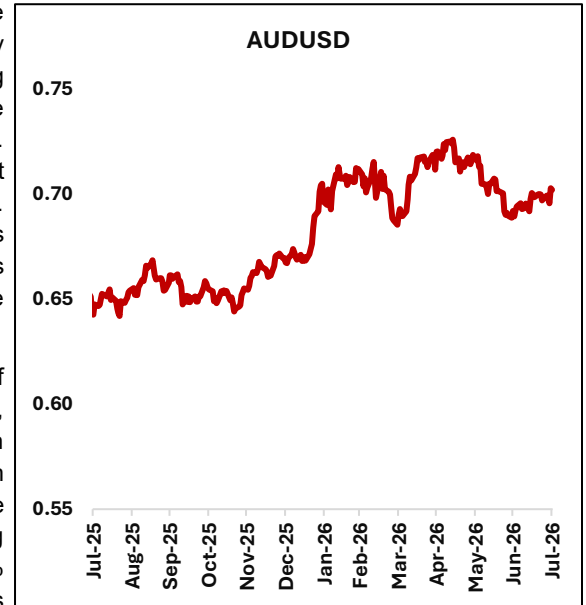
Short-term Outlook: This week will feature a relatively light macroeconomic calendar, with investor focus centred on the Purchasing Managers' Index (PMI) surveys. While these releases will not be major market movers, they will offer further insights into the momentum of key economic sectors and help guide policy expectations. As such, the GBP/USD pair will likely trade with a mildly bullish bias within a projected range of 1.3410–1.3490 this week.

AUDUSD: Australian Dollar strengthened as inflation remained above target

The Australian dollar (AUD) rose by 0.6% w-o-w, supported by persistently elevated inflation. Despite the ongoing disinflation progress, consumer inflation remained elevated relative to the Reserve Bank of Australia (RBA)'s target, keeping rate hike hopes alive. Headline inflation eased to 3.8% y-o-y in June (May: 4.0%) amid a significant slowdown in transport costs (June: 0.1% vs. May: 3.3%). Nevertheless, underlying price pressures appeared to intensify across key segments, including housing (June: 6.8% vs. May: 6.5%), food and non-alcoholic

beverages (June: 3.3% vs. May: 3.3%) and services (June: 4.0% vs. May: 3.7%). The broadening of price pressures fuelled concerns that inflation may be more persistent than expected, further reaffirmed by trimmed mean CPI holding steady at 3.6%, the highest level since September 2024. The persistence of underlying inflationary pressures reinforced expectations that the RBA must adopt a more restrictive policy stance to sustainably bring inflation closer to its target. Additionally, Australia's PPI accelerated to 1.3% q-o-q in 2Q2026, the fastest pace since 3Q2023. On an annual basis, the PPI rose to 3.6% (1Q26: 3.0%). With cost pressures intensifying on the production level, second-round effects could materialize across consumer prices in the coming months. Against this backdrop, investors are increasingly pricing in the likelihood for another rate increase by year-end, lending support to the AUD.

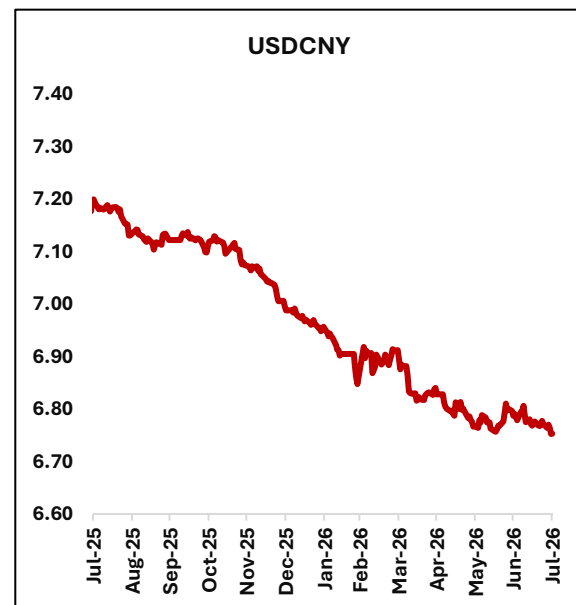
Short-term Outlook: This week, investors will be monitoring the release of June's trade figures. The data will offer further signals on external demand, helping investors assess Australia's growth prospects and how it may weigh on the RBA's future policy path. The Australian economy seemingly lost momentum in 1Q2026 as it expanded at a four-quarter low of 0.3% q-o-q (4Q25: 0.9%). The slowdown was primarily driven by weaker household and government spending as well as softer external demand. In particular, net trade had subtracted 0.8% from growth as exports declined by 1.1%. Thus, any further contraction in June's exports (May: -6.9% m-o-m) will amplify downside risks to growth, potentially causing markets to dial back expectations of additional tightening and weigh on near-term AUD movements. Conversely, an upside surprise would reassure investor concerns, providing upside catalysts for the USD. As such, we expect the AUD/USD currency pair to consolidate with a neutral-to-mildly bullish bias within a projected range of 0.6980–0.7050.



Source: Bloomberg

USDCNY: Chinese Yuan edged up despite weaker manufacturing PMI

The Chinese yuan (CNY) appreciated by 0.3% w-o-w last week, supported primarily by broad-based USD weakness despite emerging signs of moderation in China's manufacturing sector. The NBS Manufacturing PMI declined to 49.2 in July (June: 50.3), the first contraction in five months, indicating that prolonged supply-side pressures linked to the Middle East conflict has gradually weighed on factory activity. Notably, new orders contracted (July: 48.5 vs. June: 51.2) as domestic demand has remained persistently weak while external demand dropped (July: 49.6 vs. June: 50.1), constraining the sector's output (July: 49.9 vs. June: 51.4). Reflecting weaker production activity, employment remained subdued (July: 49.0 vs. June: 48.5) and purchasing activity displayed a similar slowdown (July: 49.4 vs. June: 51.4). On the price front, input cost inflation eased but remained elevated (July: 53.2 vs. June: 54.2) while output prices declined at the fastest pace in nine months (July: 47.8 vs. June: 48.2). Nevertheless, business sentiment was broadly stable, despite a slight moderation (July: 54.1 vs. June: 54.3). At the same time, RatingDog manufacturing PMI data reinforced the weakness as it eased to a four-month low of 50.9 in July (June: 51.7). The moderation was driven by slower increases in output and new orders, highlighting the gradually slowing manufacturing sector. Overall, the manufacturing sector kicked off 2H2026 on a relatively softer footing, exacerbating concerns that the giant economy may be losing steam and increasing risks of growth missing the official 5.0% target. However, the CNY movement was largely overshadowed by USD dynamics last week, with the USD/CNY facing bearish pressure and closing the week at 6.75.



Source: Bloomberg

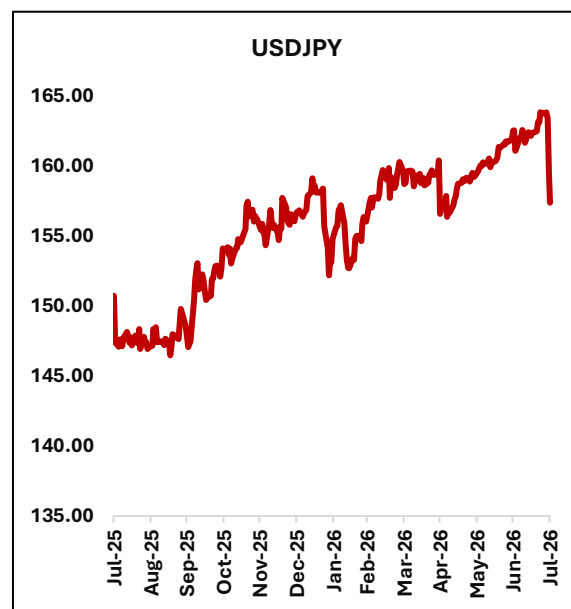
Short-term Outlook: Looking ahead, investors will pay close attention to China's trade figures. Should the release reinforce a slowdown in external demand, the CNY may come under renewed pressure as investors increasingly lose conviction over China's growth outlook. Nevertheless, export momentum thus far appeared broadly stable. Notably, exports jumped sharply to 27.0% y-o-y in June (May: 19.4%) amid the ongoing AI-related surge. Semiconductor exports soared by 122.0%, the highest level in thirteen years, while computer and parts exports accelerated by 53.0%. Coupled with ongoing technological advances in China's

chip-making industry, investors widely anticipate another month of robust growth. Against this backdrop, the CNY could gather upside momentum and outperform against the USD. Thus, we expect the USD/CNY pair to trade with a slightly bearish bias in the near term, moving within the 6.7440–6.7620 range.

USDJPY: Japanese Yen appreciated following coordinated intervention

The Japanese yen (JPY) had remained under pressure in recent months, underperforming against major currencies amid wide interest rate differentials with major economies, particularly the U.S., which resulted in the persistent outflows from relatively lower-yielding Yen-denominated assets. However, the JPY appreciated sharply (+3.9% w-o-w) last week following a joint U.S.-Japan intervention in the currency market, the first of such move since 2011. In the earlier half of the week, the USD/JPY pair continued to trade above the 163.0-levels and briefly touched a 40-year high of 164. Nevertheless, sentiments shifted meaningfully on Thursday. The Yen intervention triggered a sharp retreat of the USD/JPY currency pair as it broke through multiple support levels, briefly hitting 157.98 during the session before recovering modestly to close at 159.53. Data from the Bank of Japan (BoJ) indicated that Tokyo deployed nearly USD59 billion during Thursday's intervention operation to support the JPY. Both Japan's Ministry of Finance and U.S. Treasury Secretary Scott Bessent emphasised that the move was intended to address excessive volatility and disorderly market conditions, while also signalling their willingness to undertake further coordinated action should instability in the JPY persist. Intervention efforts reportedly continued into Friday, with Bloomberg estimates suggesting an additional USD34 billion was deployed. The decisive intervention helped trigger a sharp reversal in USD/JPY, extending the pair's bearish momentum throughout the week. The pair broke decisively below the 159.0 threshold before breaching the key 158.0 support level, as investors reassessed the risk of further official action. Consequently, USD/JPY ended the week at 157.40, marking a significant correction from the multi-decade highs reached in recent sessions. Meanwhile, monetary policy developments also lent support to the JPY. The BoJ voted 8-1 to maintain its key policy rate at 1.00% last week, with Board member Hajime Takata calling for a 25-bp rate increase. The BoJ retained a relatively hawkish tone, cautioning that underlying inflation could overshoot the 2.0% target, which reinforced the central bank's policy normalization path.

Short-term Outlook: This week will be pivotal for the USD/JPY in determining whether last week's intervention-led decline can be sustained, with investors closely monitoring both the durability of official support for the yen and evolving expectations surrounding BoJ policy. A sustained move below the key 160.0 level would reinforce the pair's bearish bias and suggest that recent intervention efforts have been effective in discouraging speculative selling of the JPY. Market participants are increasingly focused on whether USD/JPY can extend its decline toward the 157.0 support level following last week's sharp correction. Nevertheless, downside momentum appears to have moderated ahead of the important 155.0 support zone, where buying interest re-emerged before the pair could mount a decisive test of the level. This price action suggests that investors remain cautious about pushing the pair materially lower, reflecting the view that the primary objective of last week's intervention was to prevent a rapid move back above 160.0 rather than to engineer a sustained appreciation of the JPY beyond the 155.0 levels. Conversely, a rebound in USD/JPY would indicate that underlying sentiment towards the JPY remains fragile, with investors continuing to focus on the still-wide yield differential between Japan and the U.S. Should the pair regain upward momentum and break above the key psychological resistance level of 160.0, attention would likely shift towards higher resistance zones, potentially paving the way for a retest of recent multi-decade highs. Beyond intervention dynamics, the release of the BoJ's July meeting minutes will be closely scrutinized for clues regarding the future policy path. Any indication of growing concern over persistent inflationary pressures or increasing support for further rate normalisation could provide additional support for the Yen. In contrast, a more cautious assessment of the inflation outlook may revive concerns over the



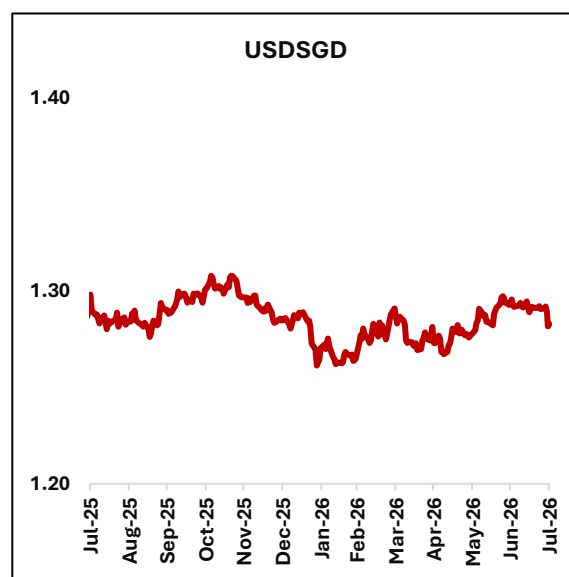
Source: Bloomberg

widening interest rate gap with the Fed's FFR, undermining the attractiveness of the JPY. Overall, we expect USD/JPY to retain a bearish bias this week, with the pair likely trading within a range of 155.40 to 158.50 as markets assess the effectiveness of intervention measures and the BoJ's policy outlook.

USDSGD: Singaporean Dollar appreciated amid elevated produce prices

The Singapore dollar (SGD) strengthened by 0.6% w-o-w, supported by recent USD weakness and persistently elevated producer prices on the domestic front. Singapore's supply price index recorded a double-digit increase of 30.3% y-o-y in June, despite a slight moderation from 34.1% in May. Looking closer, underlying cost pressures appeared mixed. Inflation accelerated for machinery and transport equipment (June: 35.1% vs. May: 27.5%) and manufactured goods (June: 5.7% vs. May: 5.4%). Meanwhile, prices moderated across several key segments, including mineral fuels, lubricants and related materials (June: 46.9% vs. May: 76.7%), crude materials (June: 13.0% vs. May: 13.3%), and chemical and chemical products (June: 13.4% vs. May: 21.5%). However, most of these indices display relatively high readings, suggesting that underlying inflationary pressures remain acute and increasing the risk of pass-through into broader consumer prices. As such, inflation expectations remained skewed to the upside, reinforcing the likelihood for more restrictive monetary conditions by the Monetary Authority of Singapore (MAS)'s which provided underlying support to the SGD.

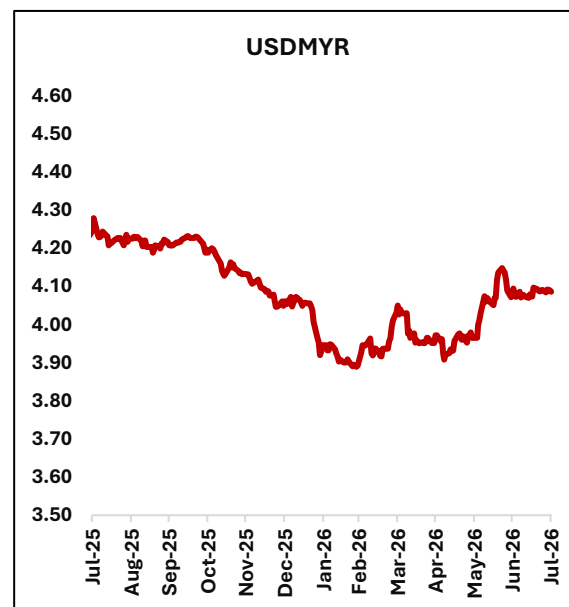
Short-term Outlook: This week will feature June's retail sales data, granting closer insights into household spending activity. The data will help investors assess the current economic momentum and the balance of growth risks ahead. In May, retail sales moderated considerably to 3.0% y-o-y from 5.4% in April, sparking concerns that heightened geopolitical uncertainties and energy-driven pressures had weighed on consumer confidence. Any indication reaffirming the slowdown in consumer spending could exert renewed pressure on the SGD. Conversely, a more-resilient-than-expected figure would continue to bolster the currency. In the near term, we expect the USD/SGD pair to trade with a mildly bearish bias, moving within a projected range between 1.2790-1.2840.



Source: Bloomberg

USDMYR: The Ringgit depreciated despite a pickup in producers' inflation

The Ringgit (MYR) failed to establish a clear directional bias despite the broad-based USD weakness last week, edging higher by a marginal 0.1% w-o-w. From a technical perspective, the USD/MYR largely traded within a narrow range of 4.07-4.10 throughout the week, closing Friday's session at a modest 4.086. On the domestic front, producer prices rose to 9.2% y-o-y (May: 7.8%), the highest level since June 2022. The increase was driven by inflation growths across key economic sectors, including manufacturing (June: 7.2% vs. May: 3.5%), agriculture (June: 9.1% vs. May: 8.9%), water supply (June: 10.2% vs. May: 10.0%) and electricity and gas (June: 12.7% vs. May: 11.2%). Additionally, mining PPI remained at relatively elevated levels, albeit staging a sharp moderation to 29.0% (May: 52.6%). On a monthly basis, the PPI rose by 0.6% (May: 1.1%). The intensifying cost pressures at the production level further exacerbated concerns of inflationary pressures broadening into consumer goods and services over the medium term. Coupled with more robust than expected economic activity in 2Q2026, Bank Negara Malaysia (BNM) is poised to maintain its steady policy stance with the bias firmly tilted towards further tightening. However, the MYR failed to generate meaningful momentum following the release. Sentiments towards the MYR may also have been tempered by heightened political uncertainty as Malaysia enters the electoral cycle. The Negeri Sembilan state election held last week likely contributed to a more cautious environment as investors continue to assess the implications of these domestic developments for policy continuity, broader political stability and the long-term economic outlook.



Source: Bloomberg

Short-term Outlook: This week will feature a relatively light macroeconomic calendar, with the absence of significant bullish catalysts leaving the MYR largely influenced by external factors. Geopolitical developments, U.S. labour market data and USD dynamics will likely remain key determinants of USD/MYR movement. On the domestic front, steady BNM policy expectations will provide

underlying support to limit upside swings to the USD/MYR currency pair. Against this backdrop, USD/MYR is projected to consolidate with a neutral-to-mildly bullish bias this week, within a range of 4.0650–4.1050.

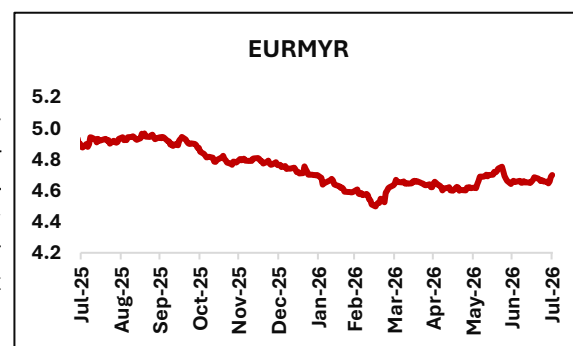
Table 2: Selected Currencies Overview (MYR Crosses)

	17-Jul	24-Jul	31-Jul	WoW	YTD
USDMYR	4.0968	4.0907	4.0860	-0.1%	0.6%
EURMYR	4.6861	4.6593	4.7006	0.9%	-1.3%
GBPMYR	5.5071	5.4485	5.4957	0.9%	0.7%
SGDMYR	3.1734	3.1693	3.1840	0.5%	0.9%
JPYMYR	2.5220	2.4968	2.5920	3.8%	0.0%
AUDMYR	2.8563	2.8602	2.8742	0.5%	5.9%
CNYMYR	0.6041	0.6040	0.6051	0.2%	4.2%

Sources: Bloomberg, Bank Islam

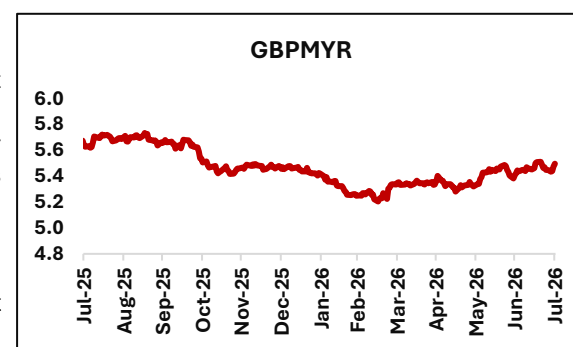
Short Term Outlook for Ringgit Pairs

This week, the outlook for EUR/MYR is bullish amid the release of Eurozone's producer prices and retail sales data. These heavy hitters will provide crucial insights into the domestic price and demand dynamics, likely to emerge as major EUR movers. Any indication of broadening price pressures or resilient consumer spending will reinforce additional ECB tightening. Conversely, softer-than-expected data may curb more aggressive bets, although investors are largely expected to retain a slightly hawkish bias. Amid sustained expectations of wider interest rate differentials, the EUR will remain relatively more attractive against the MYR.



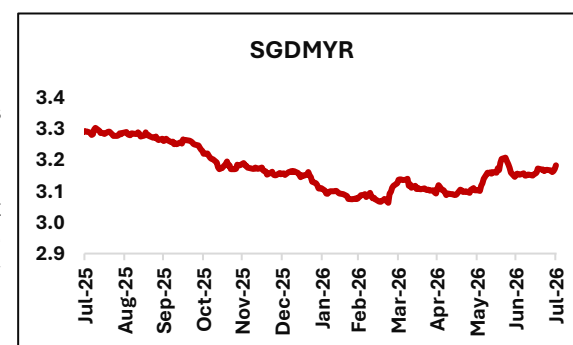
Source: Bloomberg

The GBP/MYR is expected to trade with a mildly bullish bias amid relatively light macroeconomic data on both the UK and Malaysian fronts. Nevertheless, the BoE is widely anticipated to maintain a sufficiently restrictive policy stance for longer, which would provide modest support to the GBP. Conversely, BNM is well-positioned to maintain the Overnight Policy Rate (OPR) at current level, with bias skewed for additional tightening. Furthermore, geopolitical developments will remain as major currency market influence. Should tensions escalated again, heightened risk aversion will result in a rotation away from riskier assets. Against this backdrop, the GBP will likely outperform the MYR in the near term.



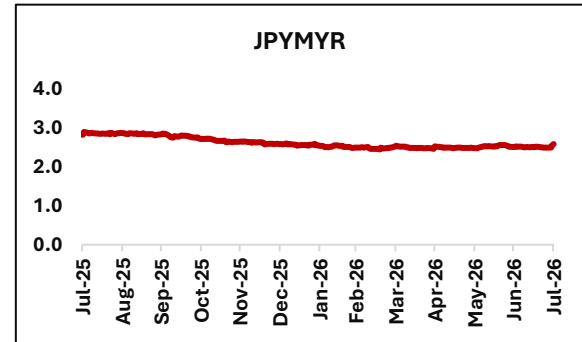
Source: Bloomberg

The SGD/MYR outlook appears neutral-to-mildly bullish this week. Singapore's retail sales release will grant a closer look at domestic demand, helping investors assess the economy's growth prospects. Given its recent moderation trend, Singapore's consumer spending at risk of slowing further, which may exert renewed pressure on the SGD. However, a surprise upside may generate meaningful bullish momentum for the currency. In contrast, it will be a relatively quiet week on Malaysia's data calendar, with external developments likely being the major MYR drivers.



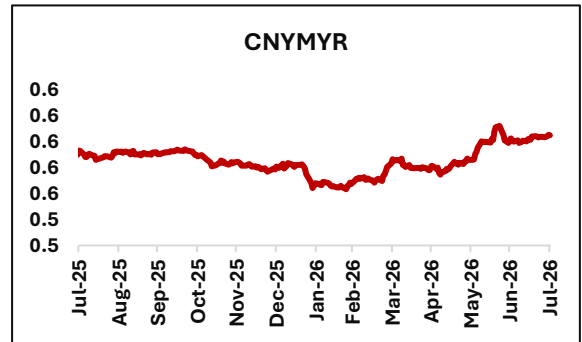
Source: Bloomberg

The outlook for JPY/MYR is bullish following recent Yen intervention operation coordinated by Japanese and U.S. authorities. As a result, the JPY had staged a significant rebound against major regional partners, including the MYR. The Yen's bullish momentum is expected to prevail into this week, allowing it to appreciate further against the MYR. Additionally, the JPY may gather further momentum from the release of July's BoJ meeting minutes.



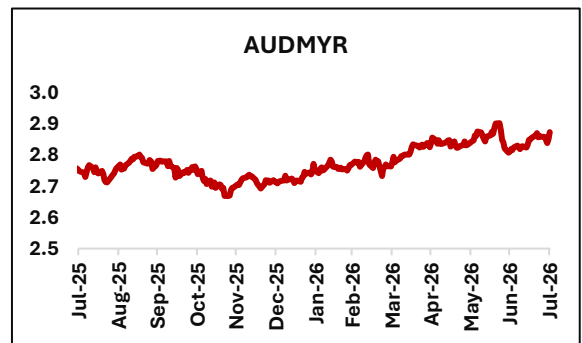
Source: Bloomberg

The CNY/MYR outlook is skewed to the upside ahead of China's July trade figures. While recent PMI surveys indicated that external demand is weakening, export momentum thus far painted a rosier picture. Notably, the ongoing AI boom and global digitalization wave resulted in robust demand for China's exports (June: 27.0%, May: 19.4%), which was further supported by domestic progress in strategic semiconductor technologies. As such, investors remain optimistic of the upcoming data, providing modest support to the CNY. Against this backdrop, the CNY will likely hold the advantage over the MYR, with the CNY/MYR currency pair trading with a bullish bias.



Source: Bloomberg

The outlook for AUD/MYR remains bullish this week. Investor attention will be focused on Australia's trade figures, offering a closer look at external demand and its impact on Australia's growth outlook. Thus far, inflation remained at structurally elevated levels, necessitating a tighter RBA policy stance. However, the economy seemingly slowed in 1Q2026 amid weaker domestic and external demand alongside softer government spending. Thus, the RBA faces a more challenging policy environment, complicating its policy outlook. As such, the upcoming release will be pivotal in either reinforcing or curbing investors' policy expectations. In contrast, BNM retained its steady policy guidance, limiting bullish momentum for the MYR.



Source: Bloomberg