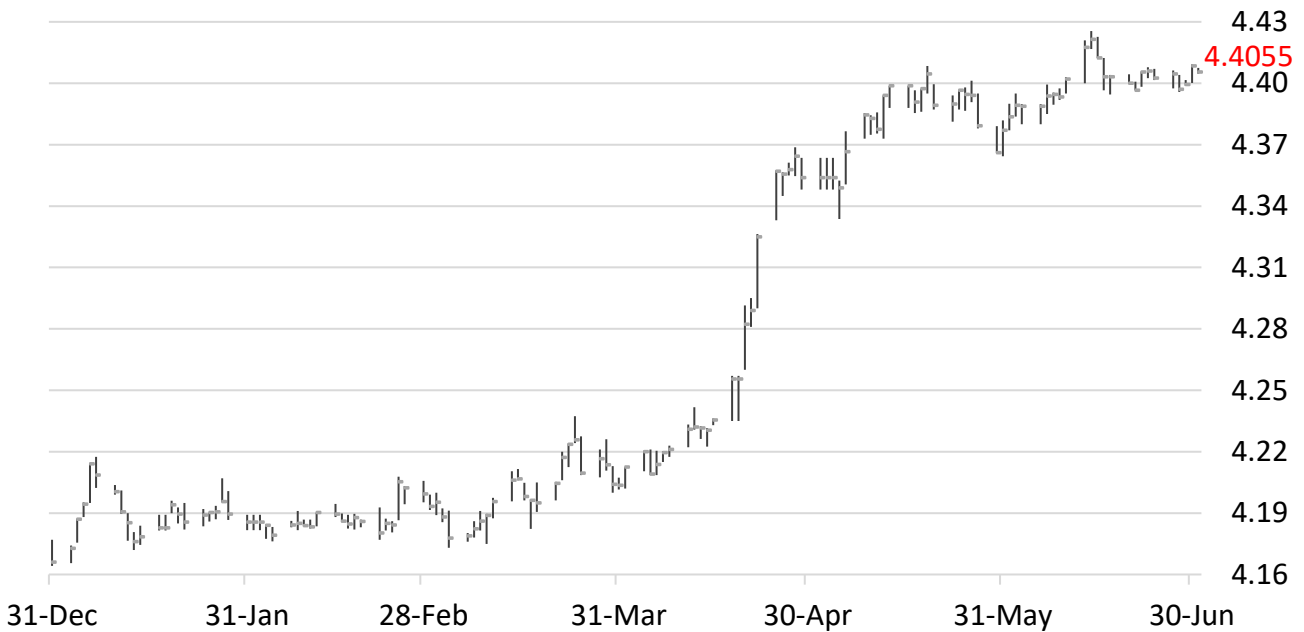


1 July 2022

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

**Intraday Thoughts – MYR Neutral**

USD/MYR opened 0.02% lower at 4.4075 after having hit a two-week high in the previous session. The reversal in the broad dollar is likely to cap the downside for the MYR as investors await next week’s BNM OPR decision, rendering a neutral daily outlook today.

**1-Month Outlook – MYR Neutral**

We expect the MYR to recover some lost ground in the medium term; supported by the further economic recovery as the government reopened the Malaysian border on 1st April. Recent rally in global commodity prices coupled with increase in minimum wage to RM1,500 effective 1<sup>st</sup> May should provide an added impetus. Firmer growth outlook has resulted in a 25bps increase in the OPR by BNM at the May MPC meeting and we expect another 50-75bps increase for the remainder of this year. We have taken into account the broader USD which is supported by the larger than previously expected rate hikes by the Fed. On the flipside, the Russia-Ukraine crisis and China’s still strict Covid policy despite recent easing, could potentially derail recovery and policy normalization path.

	S2	S1	Indicative	R1	R2
USD/MYR	4.3800	4.3900	4.4055	4.4100	4.4200

## MYR Crosses

### SGD/MYR



### SGD/MYR Neutral

SGD/MYR opened 0.03% higher at 3.1710 and is seen retreating slightly to below 3.1700. The recent downward shift was temporary and the cross retraced back to the more familiar levels at circa 3.1700 and likely kept within 3.1650-3.1750 amid a lack of drivers ahead of next week's OPR decision.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.1550	3.1600	3.1690	3.1750	3.1800

### GBP/MYR



### GBP/MYR Neutral

GBP/MYR opened 0.15% higher at 5.3609, tracking the modest rise in the sterling overnight. The cross is expected to maintain a muted trading mode today ahead of the weekend. The Fed's hawkish stance to contain inflation has continued to eclipse that of the BOE. We maintain the view that BOE will take a more measured pace of tightening @25bps, limiting the upsides of GBP relative to the dollar.

To	S2	S1	Indicative	R1	R2
GBP/MYR	5.3000	5.3250	5.3553	5.3740	5.4056

### AUD/MYR



### AUD/MYR Neutral

AUD/MYR opened 0.14% higher at 3.0408, in line with the small increase in AUD in the overnight session. We see limited upsides for AUD/MYR despite the general fall in risk appetites while oil reversing recent gains. The focus is on next week's RBA meeting decision where a 50bp hike in the cash rate is expected.

To	S2	S1	Indicative	R1	R2
AUD/MYR	3.0000	3.0135	3.0391	3.0500	3.0650

Source: Bloomberg, HLBB Global Markets Research

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