

4 July 2022

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened slightly lower at 4.4070 from prior's close of 4.4075, despite the USD rebound seen last Friday, a sign of resiliency in the MYR. USD/MYR has been holding up relatively well at the 4.39-4.40 handles in recent weeks and we expect the pair to continue to trade within familiar ranges of 4.39-4.42 this week. BNM's OPR decision will be key event risk. Our house view calls for a further 25bp increase in the OPR but we are not discounting the possibility of a bigger 50bp hike, which if materializes, could infuse some fresh leads for the MYR.

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 1st 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. That said, rising concern over a potential US recession following rapid Fed policy normalization could dampen demand for emerging market currencies including the MYR.

	S2	S1	Indicative	R1	R2
USD/MYR	4.3800	4.3900	4.4080	4.4100	4.4200

MYR Crosses

SGD/MYR



SGD/MYR Slightly Bearish

SGD/MYR opened 0.18% lower at 3.1575 but is seen edging slightly higher towards the 3.16 handle. The pair has been trending lower since the beginning of June and looks likely to test the key support levels at 3.15 soon, partly due to MYR resiliency. BNM's OPR decision will likely be a key watch, overshadowing Singapore PMI and retail sales, before attention shifts to Singapore advance estimate of 2Q GDP next week

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.1500	3.1550	3.1600	3.1750	3.1800

GBP/MYR



GBP/MYR Neutral

GBP/MYR opened 0.08% lower at 5.3330 but has since traded slightly higher close to the 5.34 levels. Daily outlook is Neutral given expectations of a neutral sterling and MYR. 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	5.3108	5.3395	5.3629	5.3772

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.04% higher at 3.0030, in line with the increase in AUD in Friday's session. The pair looks poised to break below the 3.00 psychological level targeting 2.98 next. The downmove could however be delayed should RBA deliver a hawkish hike tomorrow. Consensus is looking for a 50bps hike but forward guidance is expected to be the key market influence.

To	S2	S1	Indicative	R1	R2
AUD/MYR	2.9820	2.9900	3.0015	3.0168	3.0262

Source: Bloomberg, HLBB Global Markets Research

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