

4 August 2022

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened little changed at 4.4580 and is seen at 4.4550 as of writing. The ringgit is expected to remain relatively resilient compared to its Asian peers with upsides capped at 4.4600, amid mixed USD sentiment as the market is recalibrating Fed rate hike expectations ahead of Friday's nonfarm job report.

1-Month Outlook – MYR Neutral to Slightly Bullish

We expect the MYR to recover some lost ground, supported by further domestic economic recovery and a catch-up in BNM policy normalization. BNM is expected to hike the OPR by another 50bps this year, bringing the OPR to 2.75% at the year end. The elevated oil prices coupled with the increase in minimum wage to RM1,500 effective 1st May should continue to support economic growth. We have taken into account the broader USD strength which appears to have peaked in this current cycle as the Fed is expected to turn less hawkish in view of weaker data.

	S2	S1	Indicative	R1	R2
USD/MYR	4.4265	4.4400	4.4550	4.4600	4.4700

MYR Crosses

SGD/MYR



SGD/MYR Neutral

SGD/MYR opened unchanged at 3.2267. We maintain the view that the cross is expected to stabilise at 3.22 handle on the back of cautious sentiment. SGD remains dollar driven for now and the immediate focus is on the US job report. Singapore S&P Global private sector PMI came in stronger but the expectations for another off-cycle MAS tightening seems remote now.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.2050	3.2150	3.2271	3.2350	3.2400

GBP/MYR



GBP/MYR Neutral

GBP/MYR opened 0.34% lower at 5.4096, tracking the slightly weaker sterling overnight. We are neutral on GBP/MYR ahead of the Bank of England's MPC meeting today even though a 50bp rate hike has been priced in by the market. We expect the larger-than-usual adjustment to be a one-off event to bring down inflation as the UK growth outlook weakens.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.3880	5.4000	5.4097	5.4450	5.4700

AUD/MYR



AUD/MYR Neutral to Slightly Bullish

AUD/MYR opened little changed at 3.0919 despite the modestly stronger AUD/USD. We are neutral on AUD/MYR on the back of mixed USD sentiment. Markets are eyeing Australia's trade data to gauge China's demand for Australian goods. Positive shipments to China should offer a short-term boost to AUD before the market shifts attention to the US job report.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0500	3.0630	3.0942	3.1000	3.1300

Source: Bloomberg, HLBB Global Markets Research

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