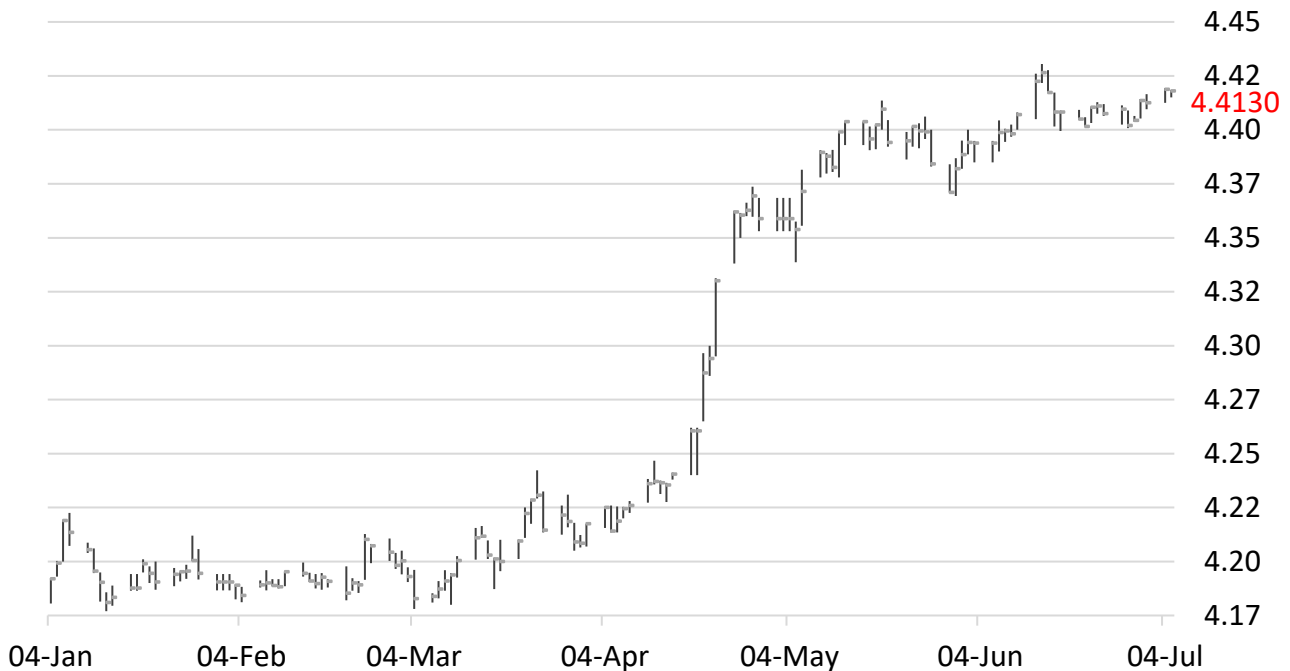


5 July 2022

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened 0.08% lower at 4.4100 and is likely capped below 4.4200 ahead of the BNM’s OPR decision. 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	4.3950	4.4130	4.4200	4.4250

MYR Crosses

SGD/MYR

SGD/MYR Slightly Bearish



SGD/MYR opened 0.10% higher at 3.1621. 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's advance estimate of 2Q GDP next week.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.1500	3.1550	3.1623	3.1750	3.1800

GBP/MYR

GBP/MYR Neutral



GBP/MYR opened 0.06% lower at 5.3469. We maintain a neutral outlook for the cross amid expectations of muted GBP and MYR. The Fed's hawkish stance to contain inflation has continued to eclipse that of the BOE. We continue to expect the BOE to take a more measured pace of tightening @25bps, limiting the upsides of GBP relative to the USD.

To	S2	S1	Indicative	R1	R2
GBP/MYR	5.3000	5.3108	5.3453	5.3629	5.3772

AUD/MYR

AUD/MYR Neutral



AUD/MYR opened 0.10% lower at 3.0329. The AUD has strengthened yesterday ahead of today's RBA decision. We are neutral on the currency cross before Governor Lowe's statement. The consensus expectations are for a 50bp rate hike but the forward guidance shall be a key AUD driver. RBA has the advantage of being more flexible over its policy given its monthly meeting.

To	S2	S1	Indicative	R1	R2
AUD/MYR	2.9820	2.9900	3.0324	3.0500	3.0650

Source: Bloomberg, HLBB Global Markets Research

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