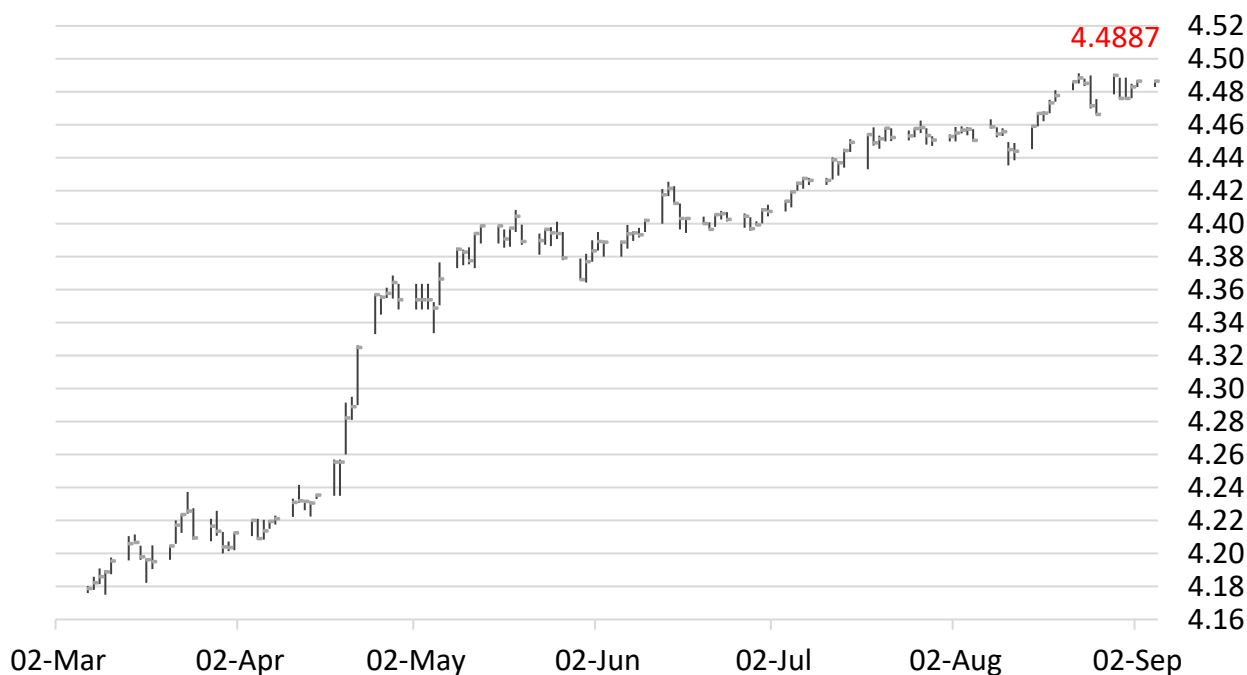


5 September 2022

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened little changed at 4.4855. The pair will likely stay constrained by the 4.4900 resistance, hanging on to the 4.4800 levels. USD outlook remains bullish overall although the softer US job gain has pared expectations of a 75bps rate hike at this month's FOMC meeting. Amid expectations for sustained USD strength, we expect the pair to continue trading on a slightly bullish note testing the 4.49 stronghold, a break above 4.4900 may send the pair to the historical record of 4.50. Expectation for a 25bps OPR hike at this week's BNM MPC meeting is believed to have been priced in and hence, unlikely to have any significant influence on the MYR.

1-Month Outlook – MYR Neutral

Despite expectation for sustained USD strength, USD/ MYR is expected to continue trading at current ranges, supported by further domestic economic recovery and ongoing BNM policy normalization. Growth is expected to pick up further in 3Q supprred by continuous robust domestic consumption and a low base effect in 3Q last year, allowing BNM to continue normalizing monetary policy, by a further 50bps to 2.75% by year end in our view. This should help alleviate some pressure on the MYR given widening negative yield differentials with US rates as the Fed looks committed to further policy tightening to combat inflation despite an engineered slowdown in growth.

	S2	S1	Indicative	R1	R2
USD/MYR	4.4500	4.4600	4.4887	4.4900	4.5000

MYR Crosses

SGD/MYR



SGD/MYR Neutral

SGD/MYR opened little changed at 3.1967 and was seen hovering at 3.1991 at time of writing. We are neutral on SGD/MYR outlook today as both the MYR and SGD are expected to trade sideways following the slight pullback in the USD last Friday. In the medium term, increasing external headwinds are expected to dampen Singapore's growth prospects as the Fed is expected to be relatively hawkish compared to the MAS which is likely to tighten policy in October.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.1830	3.1900	3.1991	3.2030	3.2100

GBP/MYR



GBP/MYR Bearish

GBP/MYR opened 0.57% lower at 5.1518, tracking extended weakness in the GBP/ USD. The sterling remained under selling pressure against the all-encompassing dollar strength, trading just above the psychological level of 1.1500. Weak UK fundamentals and a relatively less hawkish BOE vis-à-vis the Fed and ECB are expected to reinforce GBP bears, testing the critical support of 1.1400.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.1050	5.1335	5.1553	5.1700	5.1900

AUD/MYR



AUD/MYR Neutral-to-Slightly Bearish

AUD/MYR opened 0.18% lower at 3.0497. We remain neutral to slightly bearish on AUD/MYR, as the sour risk sentiment weighs on commodities and commodity-linked currencies. AUD downsides are driven by the expectations for a less aggressive RBA rate hike vis-à-vis the Fed, and weaker Chinese growth outlook but should be more resilient compared to EUR, GBP and JPY.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0000	3.0350	3.0495	3.0660	3.0800

Source: Bloomberg, HLBB Global Markets Research

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damansara

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my**DISCLAIMER**

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter.

Potential and actual conflict of interest may arise from the activities of HLB Group. HLB Group constitute a diversified financial services group. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and other activities for their own account or the account of others. In the ordinary course of their business, HLB Group may effect transactions for their own account or for the account of their customers and hold long or short positions in the financial instruments. HLB Group, in connection with its business activities, may possess or acquire material information about the financial instruments. Such activities and information may involve or have an effect on the financial instruments. HLB Group have no obligation to disclose such information about the financial instruments or their activities.

The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.