

9 August 2022

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened 0.13% lower at 4.4530. The dollar rallied last Friday as the super strong US job growth led the markets to reassess US recession possibilities and the Federal Reserve rate hikes' path. USD/MYR is expected to remain supported today and likely keeping within a tight range ahead of this week's US CPI data as well as Malaysia's 2Q22 GDP report. Malaysia will also release the June industrial production data.

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	4.4400	4.4500	4.4550	4.4650	4.4700

MYR Crosses

SGD/MYR



SGD/MYR Neutral

SGD/MYR opened 0.10% higher at 3.2348. The cross hit 3.2400 last Friday before retreating back to 3.2200-3.2300 as the Singaporean dollar bore the brunt of the post-NFP dollar rally. After the sharp retreat, the start of a new week ahead of key US CPI data should keep the cross grounded at current levels. There is no major data coming out from Singapore this week.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.2050	3.2150	3.2300	3.2350	3.2400

GBP/MYR



GBP/MYR Neutral

GBP/MYR opened little changed at 5.3884. GBP/USD was flat overnight despite the renewed USD weakness. We continue to see the sterling underperforming the dollar on the weaker outlook, gap in policy tightening versus the Fed, exposure to the surging natural gas prices as well as political uncertainties. The UK 2Q GDP growth data are set to be released this week.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.3200	5.3540	5.3810	5.4160	5.4450

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.33% higher at 3.1160. This came as the Aussie dollar rallied overnight amid some renewal in risk-on sentiment and USD correction. The robust China's trade data over the weekend had failed to give a lift to the Aussie dollar. Australia's data this week are limited to consumer and business confidence measures, focus is thus on the US CPI to set the direction.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0700	3.0900	3.1076	3.1300	3.1500

Source: Bloomberg, HLBB Global Markets Research

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