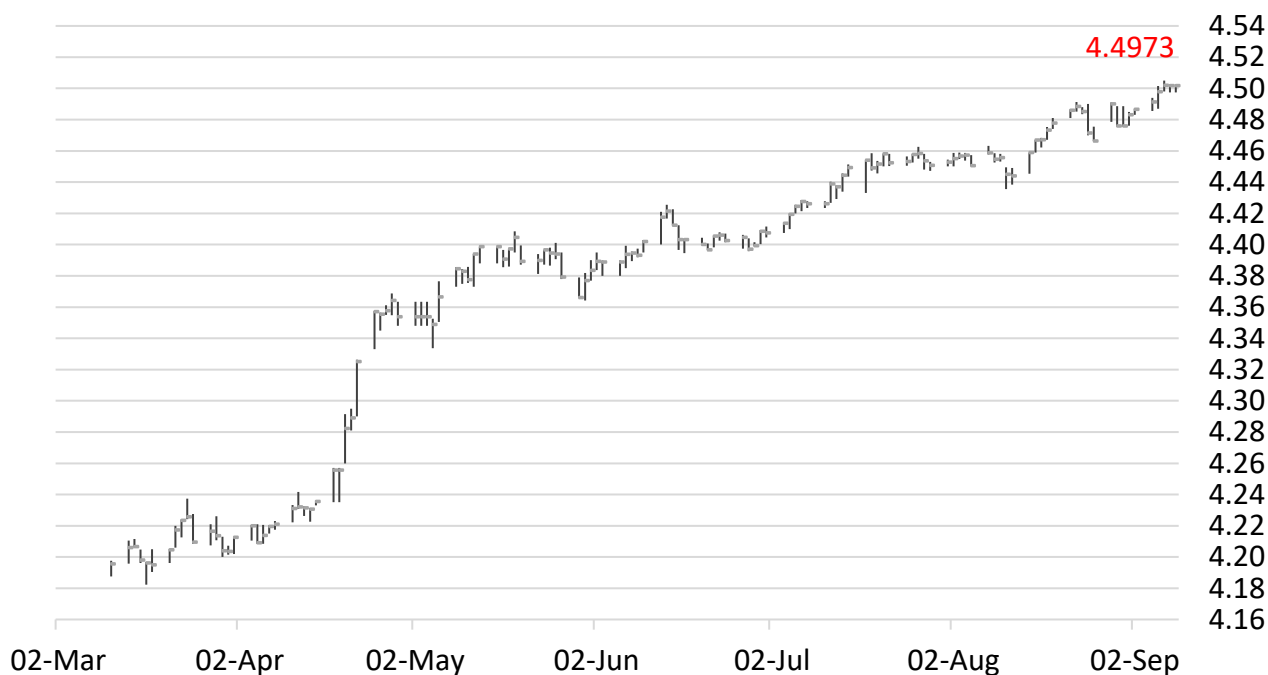


9 September 2022

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral-to-Slightly Bearish

USD/MYR opened little changed at 4.5010 this morning but has since dipped below 4.50 at time of writing. The pair remains bullish amid prospect of a firm USD outlook supported by hawkish Fed policy path, contrasting with the latest hint from BNM on a potential pause in the current normalization cycle. BNM raised rates by 25bps to 2.50% as expected yesterday but commented that the MPC is not on any pre-set course. We expect USD/ MYR to trade on a neutral to slightly bullish note today ahead of the on prospects of policy divergence between the Fed and BNM.

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	4.4835	4.4910	4.4973	4.5100	4.5200

MYR Crosses

SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR continued to open higher, by 0.16% at 3.2070 amid lingering resilience in the SGD vs the MYR. In the medium term, growing signs of a slowing Singapore economy amid external headwinds are expected to keep a lid on SGD, although odds of a policy tightening by MAS could still likely offer some support.



To	S2	S1	Indicative	R1	R2
SGD/MYR	3.1860	3.1940	3.2039	3.2050	3.2100

GBP/MYR

GBP/MYR Neutral

GBP/MYR opened 0.20% higher at 5.1845, on the back of lingering MYR weaknesses. A less hawkish speech by BOE Governor Bailey, coupled with softening growth momentum in the UK dented prospects of a more aggressive BOE policy path, and will keep a lid on GBP strength. This will continue to exert further downward pressure on GBP/USD, leading GBP/ MYR towards 5.10-5.15.



	S2	S1	Indicative	R1	R2
GBP/MYR	5.1470	5.1650	5.1824	5.2097	5.2200

AUD/MYR

AUD/MYR Slightly Bullish

AUD/MYR opened 0.55% higher at 3.0452 following a rebound in the Aussie further away from the 0.67 key level. Daily AUD/ MYR outlook is expected to be slightly bullish on the back of a firmer Aussie vis-à-vis a softer MYR in the wake of broad USD strength.



	S2	S1	Indicative	R1	R2
AUD/MYR	3.0000	3.0163	3.0446	3.0563	3.0669

Source: Bloomberg, HLBB Global Markets Research

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