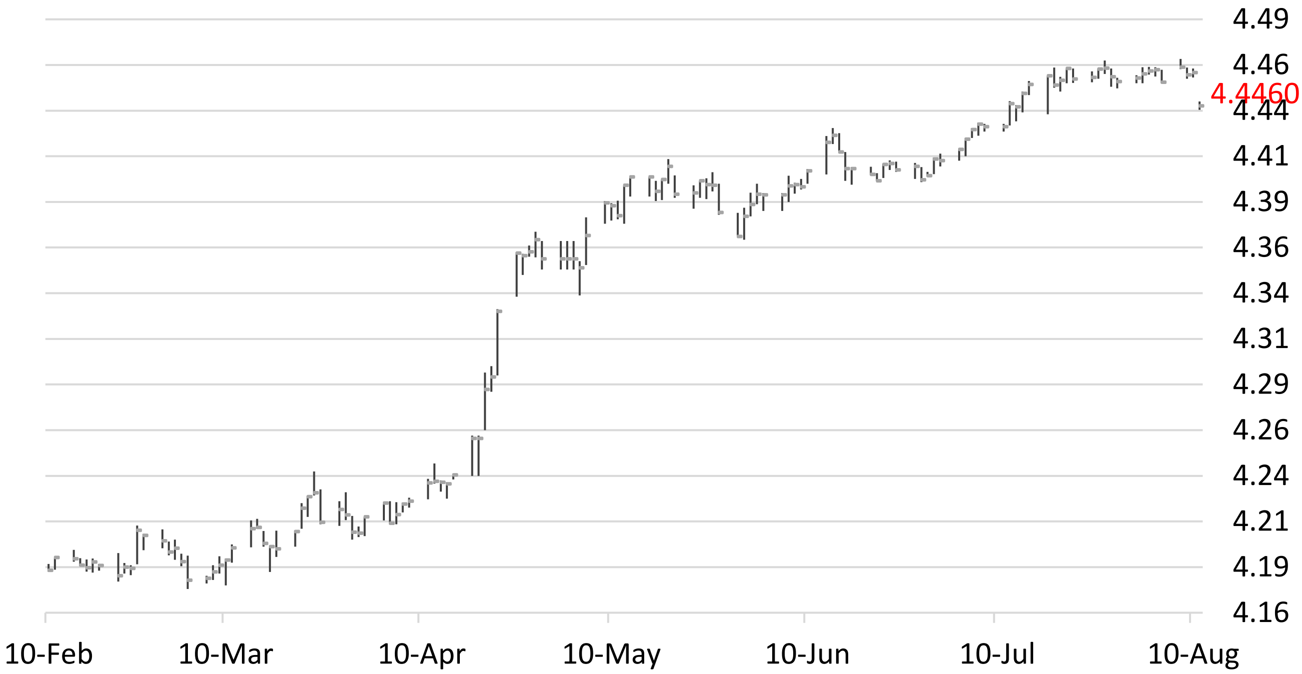
11 August 2022

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Slightly Bullish

USD/MYR opened 0.35% lower at 4.4400. MYR rallied this morning after the softer US CPI data weighed on the broad USD. USD/MYR fell as much to 4.4355 before recovering to circa 4.4460 as of writing. After the downward shift this morning, we expect the pair to trade within 4.44-4.4500 ahead of tomorrow's Malaysia's GDP 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	4.4200	4.4300	4.4460	4.4500	4.4650

MYR Crosses

SGD/MYR

SGD/MYR Slightly Bullish

SGD/MYR opened 0.51% higher at 3.2517, tracking the rally in SGD overnight, before inching down to 3.2400 handle. Singapore's quarterly GDP growth was revised down according to the latest final report. We think that upsides are capped at 3.2500 and the cross should stay near the lower end of 3.2400 amid stretched position and firmer MYR today.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.2200	3.2350	3.2414	3.2500	3.2600

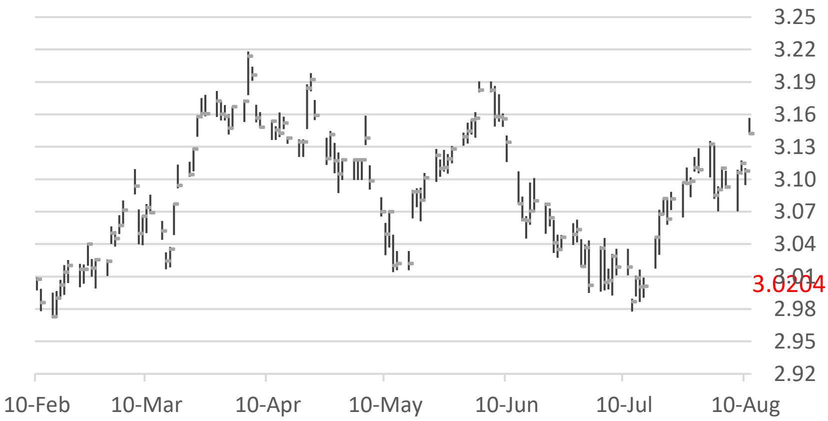
GBP/MYR

GBP/MYR Neutral to Slightly Bullish

GBP/MYR opened 0.94% higher at 5.4406. This came as GBP/USD rallied after two consecutive flat sessions as traders reduced bets on Federal Reserve's rate hikes. We continue to see the sterling underperforming the dollar for now on the weaker outlook, Fed-BOE policy gap, exposure to the surging natural gas prices and political uncertainties. The UK 2Q GDP growth data are set to be released tomorrow.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.3540	5.3867	5.4237	5.4400	5.4700

AUD/MYR



AUD/MYR Neutral to Slightly Bullish

AUD/MYR opened 1.55% higher at 3.1553, tracking the overnight rally of the AUD post-US CPI data. After the sharp upward shift to 3.1400 levels, we anticipate no further steep positive adjustment, thanks to concurrent strength in the MYR.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.1000	3.1285	3.1454	3.1500	3.1750

Source: Bloomberg, HLBB Global Markets Research

Hong Leong Bank Berhad
Fixed Income & Economic Research, Global Markets
Level 8, Hong Leong Tower
6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel: 603-2081 1221
Fax: 603-2081 8936
Email: HLMarkets@hlbb.hongleong.com.my