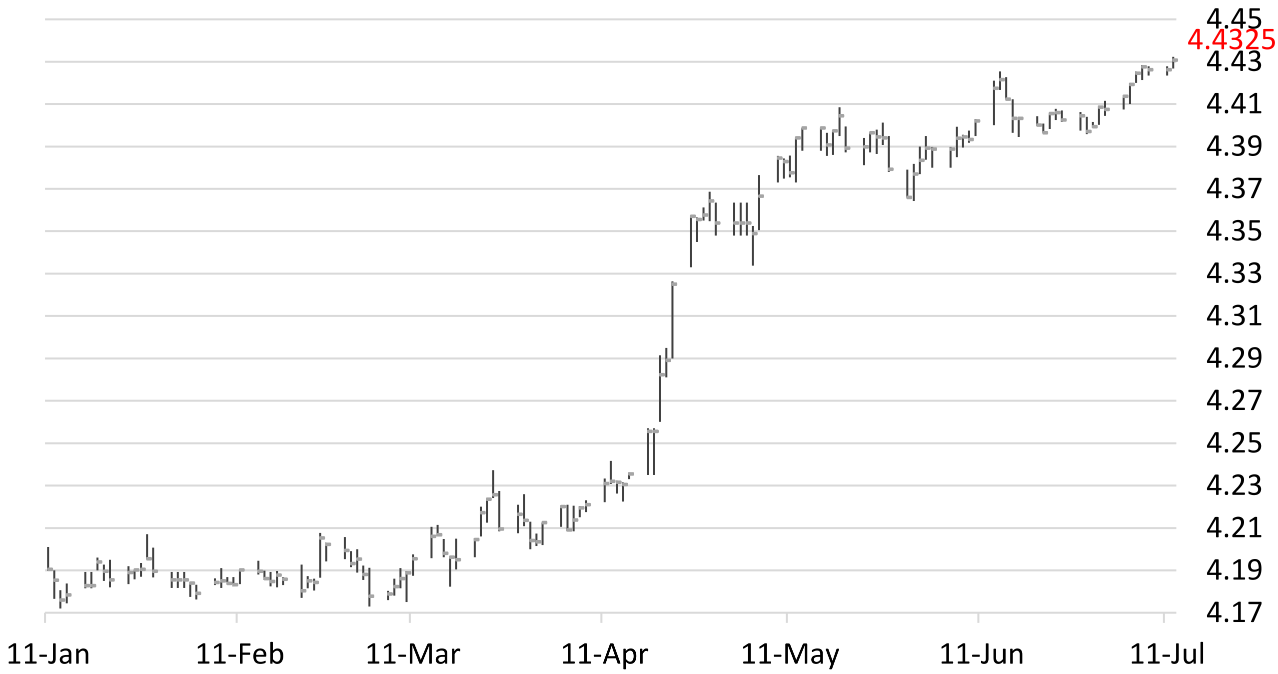
12 July 2022

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Bearish

USD/MYR opened little changed at 4.4270 after the long weekend and is seen inching upwards to above 4.4300 amid bullish USD sentiment. This is in line with our slightly bullish outlook for USD/MYR this week. After hitting 4.4300, the next threshold to cross is 4.4400 before targeting 4.4500. Our weekly expected range is at 4.4100-4.4500 with US CPI data and a slew of earnings garnering traders' attention.

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 sequential 25bp increases in the OPR at the May and July MPC meetings and we expect another 25-50bp 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	3.3950	4.4100	4.4325	4.4400	4.4500

MYR Crosses

SGD/MYR

SGD/MYR Slightly Bearish

SGD/MYR opened 0.2% lower at 3.1489, tracking the losses in SGD/USD overnight (-0.5% d/d). SGD/MYR remains supported above 3.1500 amid concurrent weakness in MYR. Dollar sentiment is expected to remain strong and likely weighs on both components. Singapore's advance GDP growth for 2Q22 is the major release to watch out for this week.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.1450	3.1500	3.1529	3.1650	3.1750

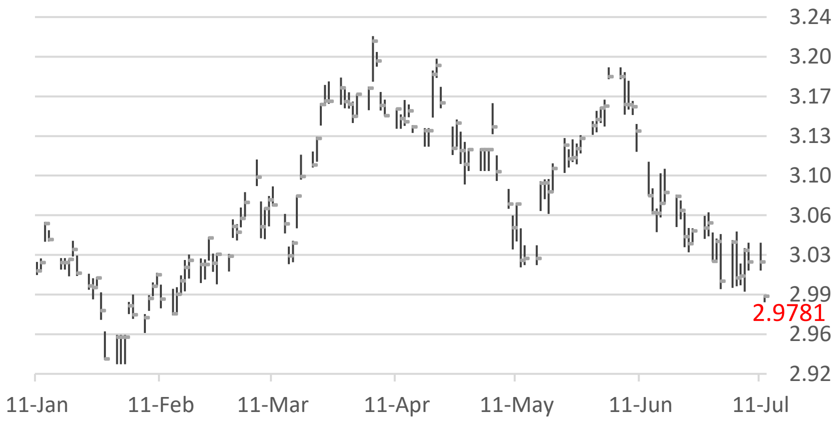
GBP/MYR

GBP/MYR Bearish

GBP/MYR opened 0.31% lower at 5.2668 after the sterling extended losses against the dollar this morning after the over-1% sell-off in the overnight session. The sour market sentiment and bullish dollar are expected to keep the sterling in a bearish bias. US CPI data are expected to drive the GBP as another red hot reading may drive the markets to raise bets on Fed's rate hikes.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.2400	5.2500	5.2605	5.3125	5.3550

AUD/MYR



AUD/MYR Bearish

AUD/MYR opened 1.2% lower at 2.9839 as the aussie dollar took a startling loss overnight (1.8%) against the greenback. The resurgence of Covid-19 in China is creating renewed uncertainties for the market and the sour sentiment plus bullish USD are likely to weigh on AUD more. Key data this week is Australia's job report.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9500	2.9700	2.9781	3.0000	3.0300

Source: Bloomberg, HLBB Global Markets Research

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