12 August 2022

Global Markets Research

Daily Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened 0.09% higher at 4.4490. USD/MYR continues to range-trade after having shifted lower to 4.4400 handle post US-CPI reading. The pair is expected to trade within 4.4400-4.4500 today amid mixed USD sentiment and ahead of Malaysia's GDP report due noon.

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	4.4470	4.4500	4.4650

MYR Crosses

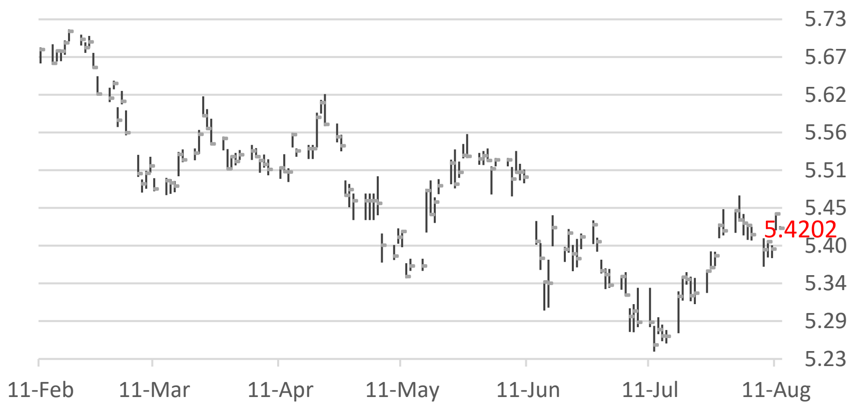
SGD/MYR

SGD/MYR Neutral

SGD/MYR opened 0.08% lower at 3.2448, as USD/SGD traded little changed in the previous session. Singapore's quarterly GDP growth was revised down according to the latest final report. We maintain the view that upsides are capped at 3.2500 amid stretched position and modest USD resurgence.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.2200	3.2350	3.2450	3.2500	3.2600

GBP/MYR

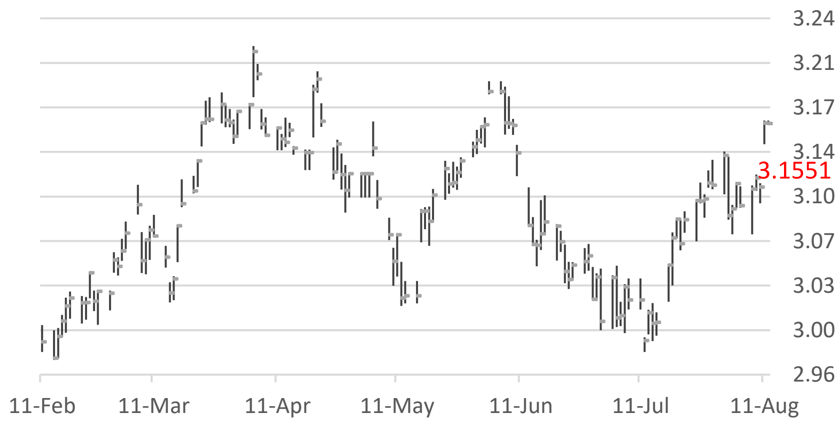


GBP/MYR Neutral

GBP/MYR opened 0.37% lower at 5.4207. GBP/USD had closed slightly weaker (-0.1%) overnight after having rallied post US-CPI. We continue to see the sterling underperforming the dollar for now on the weaker economic outlook, Fed-BOE policy gap, exposure to the surging natural gas prices and political uncertainties. The UK 2Q GDP growth and a slew of monthly indicators are scheduled for today's release.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.3540	5.3867	5.4202	5.4400	5.4700

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.03% lower at 3.1566. AUD/USD rose modestly (+0.2%) overnight but is seen correcting down as USD regained some momentum. We maintain the neutral outlook for AUD/MYR amid a lack of major drivers/events that could set a firm direction for the aussie dollar.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.1000	3.1285	3.1551	3.1750	3.1900

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