12 September 2022

Global Markets Research

Daily Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Slightly Bearish

USD/MYR opened flat at 4.4978 this morning and traded higher, breaking above the 4.50 handle again at time of writing. Mixed sentiments in Asian trading dampened the MYR, shrugging off the pullback in the USD. Bullishness in the pair is building up and will likely test 4.51 followed by 4.52 next as probability for a hawkish 75bps Fed rate hike is gaining momentum.

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 suprred 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 widnening 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	4.5012	4.5100	4.5200

MYR Crosses

SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.11% lower at 3.2164 and was seen hovering near this level since. Upward trajectory seen in USD/ MYR vis-à-vis a relatively stable USD/ SGD points to slight bullishness in SGD/ MYR today. SGD has demonstrated reasonably good resiliency in recent weeks despite continued hawkishness from the Fed, probably supported by expectations of MAS' policy tightening in October.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.1984	3.2056	3.2165	3.2254	3.2312

GBP/MYR

GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened little changed (-0.07%) at 5.2248 but edged higher amid further rally in the sterling on the back of a softer USD. The slew of UK data today will offer more clues on the health of the UK economy but the GBP outlook is expected to hinge largely on USD movement with the BOE policy meet postponed a week to 22-Sept in the wake of the national mourning for QEII.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.1657	5.1854	5.2248	5.2475	5.2732

AUD/MYR

AUD/MYR Neutral-to-Slightly Bullish

AUD/MYR opened 0.22% lower at 3.0792 and has since traded higher. Daily AUD/ MYR outlook is expected to exhibit a slightly bullish bias on the back of a firmer Aussie vis-à-vis a softer MYR. With little catalyst on the Australian front, Aussie will hinge on US CPI and China's data lump towards later part of the week for direction.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0472	3.0700	3.0774	3.1000	3.1127

Source: Bloomberg, HLBB Global Markets Research

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