

13 June 2022

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Bearish

USD/MYR opened 0.05% lower at 4.4000 and advanced to above 4.4100, as the USD strength continues to ripple across the FX market. The US CPI inflation hit a fresh 40-year high resulting in a swift repricing of Fed's rates path. Mounting growth concerns and the general sense of risk aversion ahead of the FOMC meeting this week is expected to support the dollar today with the upsides likely capped at 4.4200 for now.

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 along with the advantage of elevated oil prices. Firmer growth outlook has resulted in a 25bps increase in the OPR by BNM at the May MPC meeting and we expect another 50bps increase for the remainder of this year. We have taken into account the broader USD which is expected to stay firm supported by safe haven demand, Fed rate hike expectations and economic outperformance in the US vis-à-vis other majors. On the flipside, the Russia-Ukraine crisis could potentially derail recovery and policy normalization path.

	S2	S1	Indicative	R1	R2
USD/MYR	4.3700	4.3850	4.4145	4.4200	4.4400

MYR Crosses

SGD/MYR

SGD/MYR Neutral



SGD/MYR opened 0.76% lower at 3.1644, a knee-jerk reaction towards the broad USD rally amid the said Fed repricing. The cross recovered back above 3.1700, and is expected to trade near this level for now amid both MYR and SGD weakness as downsides of the MYR seemed to be limited in the short term.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.1450	3.1600	3.1724	3.1900	3.2050

GBP/MYR

GBP/MYR Neutral to Slightly Bearish



GBP/MYR opened 1.65% lower at 5.4044 after having underperformed the most in the G10 basket last Friday. GBP remains dollar driven for now before this week's FOMC and BOE meetings. The BOE is expected to continue hiking the Bank Rate by 25bps and investors are looking for guidance on rate trajectory as this coming adjustment will be the BOE's fifth since December.

To	S2	S1	Indicative	R1	R2
GBP/MYR	5.3700	5.4000	5.4180	5.4525	5.5000

AUD/MYR

AUD/MYR Neutral to Slightly Bearish



AUD/MYR opened 1.40% lower at 3.0902, moving in line with the weaker AUD/USD amid USD strength. Pre-FOMC risk aversion and the general rise in global growth concerns remains a bane to the AUD in the short-term. Key drivers this week include China's monthly data, FOMC meeting followed by Australia's job report.

To	S2	S1	Indicative	R1	R2
AUD/MYR	3.0650	3.0860	3.0984	3.1215	3.1400

Source: Bloomberg, HLBB Global Markets Research

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