

13 July 2022

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to Slightly Bearish

USD/MYR opened 0.04% lower at 4.4370 and holds near this level as of writing. 4.4400 remains the next resistance to overcome before targeting 4.4500. The broad retreat in USD strength overnight may have stifled the pair's advance ahead of tonight's US CPI report. A stronger reading would reaffirm Fed's move to deliver a second 75bp rate hike later this month and give the USD extra boost.

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	4.4375	4.4400	4.4500

MYR Crosses

SGD/MYR

SGD/MYR Neutral



SGD/MYR opened 0.03% higher at 3.1538. The pair remains supported above 3.1500 as expected given weakness in emerging market currencies. Dollar sentiment is expected to remain strong and likely still 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	3.1518	3.1650	3.1750

GBP/MYR

GBP/MYR Neutral



GBP/MYR opened 0.42% higher at 5.2724. The sterling has traded little changed against the greenback overnight ahead as traders anticipated a slew of key data for further guidance. The persistent strength in the USD is expected to limit the GBP's upside. Key drivers today are the US CPI (to assess Fed's next move relative to the BOE) as well as key UK output indicators namely monthly nominal GDP, IPI and services.

To	S2	S1	Indicative	R1	R2
GBP/MYR	5.2400	5.2500	5.2715	5.3125	5.3550

AUD/MYR

AUD/MYR Neutral



AUD/MYR opened 0.25% higher at 2.9942, tracking the modest rebound in AUD/USD overnight. We expect some respite in AUD/MYR as the market awaits key economic data while monitoring China's Covid development. Focus shifts to China's trade data today, followed by US CPI before turning to tomorrow's Australia's job report which may provide clues on the RBA's next move.

To	S2	S1	Indicative	R1	R2
AUD/MYR	2.9500	2.9700	2.9942	3.0000	3.0300

Source: Bloomberg, HLBB Global Markets Research

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