

13 September 2022

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Slightly Bearish

USD/MYR opened slightly lower (-0.05%) this morning at 4.5015 and continued trading on a steady note since, at 4.5035 at time of writing. We expect the MYR to remain under pressure amid improving market risk sentiments but markets may stay sideways and quieter today ahead of the all important US CPI reading tonight. An elevated and/ or upside surprises in the CPI reading will cement the case for a 75bps rate hike next Thursday.

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 supprred 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	4.5035	4.5100	4.5200

MYR Crosses

SGD/MYR



SGD/MYR Neutral

SGD/MYR opened 0.05% lower at 3.2276 and was seen trading in rangebound mode. Daily outlook is neutral as we expect investors to hold breath ahead of US CPI report tonight. The pair remains susceptible to slight upside risk as the 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	3.2074	3.2139	3.2275	3.2350	3.2410

GBP/MYR



GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened flat at 5.2644 and traded slightly higher tracking extended rally in the sterling overnight as the USD retreated for a 2nd day in a row. The mixed bag of UK data released overnight signalled the slowdown may be less severe but the outlook remains challenging nonetheless. 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	5.1869	5.2094	5.2685	5.2885	5.3000

AUD/MYR



AUD/MYR Neutral-to-Slightly Bullish

AUD/MYR opened 0.30% higher at 3.1044 and continued to hover near this level. Mirroring overall market cautiousness ahead of US CPI, underlying slight bullishness in AUD/MYR is not expected to change much today. 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	3.0628	3.0770	3.1034	3.1100	3.1170

Source: Bloomberg, HLBB Global Markets Research

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