

14 June 2022

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Bearish

USD/MYR opened unchanged at 4.4175. The pair is expected to track the broad dollar strength as the 40-year high US inflation led the market to anticipate the possibility of a 75bp rate hike this week. After breaching 4.4200, the market looks toward the 4.4500 critical level of which it was short of reaching when the Covid-19 pandemic first shocked global markets in March 2020.

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	4.3800	4.4000	4.4245	4.4400	4.4500

MYR Crosses

SGD/MYR



SGD/MYR Neutral

SGD/MYR opened 0.35% lower at 3.1691 and is seen at above 3.1700 as of writing. We maintain the view that the cross is expected to trade at 3.1700s for now amid both the MYR and SGD weaknesses. The strength in the greenback is expected to weigh on EM currencies as the market reconsiders the Fed's interest rates path.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.1450	3.1600	3.1749	3.1900	3.2050

GBP/MYR



GBP/MYR Bearish

GBP/MYR opened 0.69% lower at 5.3639 as the sterling was dragged down alongside other majors in response to the USD strength. GBP remains dollar driven for now before this week's FOMC and BOE meetings. The BOE is still 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 especially after the overall April output indicators broadly slowed down.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.3300	5.3500	5.3767	5.4000	5.4500

AUD/MYR



AUD/MYR Bearish

AUD/MYR opened 0.36% lower at 3.0660. Pre-FOMC risk aversion and the repricing of the Fed's rates path weigh on the commodity currency. While the dollar sentiment remains the major driver, the market will also be watching out for China's monthly economic indicators tomorrow as well as Australia's job report (released after the FOMC meeting).

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0500	3.0650	3.0688	3.1000	3.1265

Source: Bloomberg, HLBB Global Markets Research

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