

14 July 2022

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Bearish

USD/MYR opened 0.01% higher at 4.4375, currently trading at 4.4380. The retreat in USD may prove to be short-lived as the markets cement expectations for a 75bp rate hike in the Federal Reserve's next meeting later this month. 4.4400 remains the next resistance to overcome before targeting 4.4500.

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	4.4380	4.4400	4.4500

MYR Crosses

SGD/MYR

SGD/MYR Bullish



SGD/MYR opened 0.03% higher at 3.1554 and surged to 3.1800 as the MAS announced an off-cycle/surprised policy tightening. The MAS recentered upwards the midpoint of its S\$NEER policy band and upgraded its inflation forecasts. This was despite Singapore's advance second quarter GDP growth having come in much weaker than expected as the MAS resolves to contain inflation.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.1500	3.1600	3.1803	3.1900	3.2000

GBP/MYR

GBP/MYR Neutral to Slightly Bearish



GBP/MYR opened 0.16% lower at 5.2641. Overnight, the sterling was flat against the dollar as the strong UK data failed to offer a much needed boost despite a retreat in broad USD strength. We maintain the view that the persistent strength in the USD, thanks to expectations of Fed's policy step-up will continue to stifle the sterling.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.2400	5.2500	5.2601	5.3125	5.3550

AUD/MYR

AUD/MYR Neutral to Slightly Bearish



AUD/MYR opened 0.71% lower at 2.9872, tracking the early morning losses in AUD/USD. A robust Australian job report may affirm views of a larger RBA rate hike (a plus for AUD) but the conviction was stronger for the Fed to step up tightening, pointing to limited upsidess in the AUD.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9500	2.9700	2.9895	3.0000	3.0300

Source: Bloomberg, HLBB Global Markets Research

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