

15 June 2022

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Bearish

USD/MYR opened 0.02% higher at 4.4225. The MYR remains supported at near 4.4200 ahead of the FOMC decision due 2am Malaysian time. The materialisation of a 75bp rate hike and a hawkish FOMC stance including the dot plot means that the USD strength is here to stay for some time, likely pushing USD/MYR to test 4.4500 in the week ahead.

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	4.4225	4.4400	4.4500

MYR Crosses

SGD/MYR



SGD/MYR Neutral

SGD/MYR opened 0.27% lower at 3.1745. We maintain the view that the cross is expected to trade at 3.17s for now amid both the MYR and SGD weaknesses. The strength in the greenback is expected to weigh on EM currencies as the markets now fully priced in a 75bp rate hike by the Federal Reserve tomorrow.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.1450	3.1600	3.1756	3.1900	3.2050

GBP/MYR



GBP/MYR Bearish

GBP/MYR opened 1.23% lower at 5.3106 tracking the sharp losses in the sterling overnight. The cross is now trading just above the 21-month low of 5.3000. The anticipation of a Fed-BOE gap in terms of rate hike magnitudes may depress the sterling's outlook unless the BOE delivers a surprise 50bp hike tomorrow. The BOE is more constrained for such a move as job and output data came in on a mixed note for the past two days.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.2800	5.3000	5.3127	5.4000	5.4500

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.55% lower at 3.0454, following a broad selloff in most G10 currencies overnight. Some technical reversal in AUD/USD helps stabilize the AUD/MYR cross at 5.0500. The PBOC maintained the 1Y MLF rate at 2.85% and traders switch focus to China's monthly indicators to assess the impact of the Shanghai lockdown on the economy.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0100	3.0300	3.0505	3.0650	3.0870

Source: Bloomberg, HLBB Global Markets Research

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