

16 June 2022

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to Slightly Bullish

USD/MYR opened unchanged at 4.4125. The reversal in USD strength post-FOMC helps shift USD/MYR lower to below 4.4000 today as Fed Chair Powell said that outsized rate hike is unusual, signalling softer pace of hikes after July. The reprieve for MYR may be short-term in nature as USD strength is here to stay based on Fed's forward guidance.

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 supported by the larger than previously expected rate hikes by the Fed. On the flipside, the Russia-Ukraine crisis and China's strict Covid policy could potentially derail recovery and policy normalization path.

	S2	S1	Indicative	R1	R2
USD/MYR	4.3800	4.3900	4.3975	4.4400	4.4500

MYR Crosses

SGD/MYR



SGD/MYR Neutral

SGD/MYR opened 0.20% higher at 3.1840 and slipped back to 3.1700s as of writing. We maintain the view that the cross is expected to trade at 3.1700s for now as both MYR and SGD take a breather from the recent selling. The expected strength in the greenback in the medium term is expected to weigh on EM currencies based on Fed's forward guidance.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.1450	3.1600	3.1707	3.1900	3.2050

GBP/MYR



GBP/MYR Neutral

GBP/MYR opened 0.56% higher at 5.3719. The sterling recouped losses overnight thanks to USD reversal. We are neutral on GBP/MYR ahead of tonight's BOE decision. 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 today. 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	5.3565	5.4000	5.4500

AUD/MYR



AUD/MYR Neutral to Slightly Bullish

AUD/MYR opened 1.14% higher at 3.0963, tracking the rebound in AUD/USD post-FOMC meeting. Australia's job data came in positively which may pressure the RBA to ramp up rate hikes in the coming months. Nonetheless, we think RBA may hold back from very bold moves, taking into account challenging external demand conditions and softer oil prices, thus limiting the AUD upsides.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0300	3.0650	3.0882	3.1025	3.1350

Source: Bloomberg, HLBB Global Markets Research

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