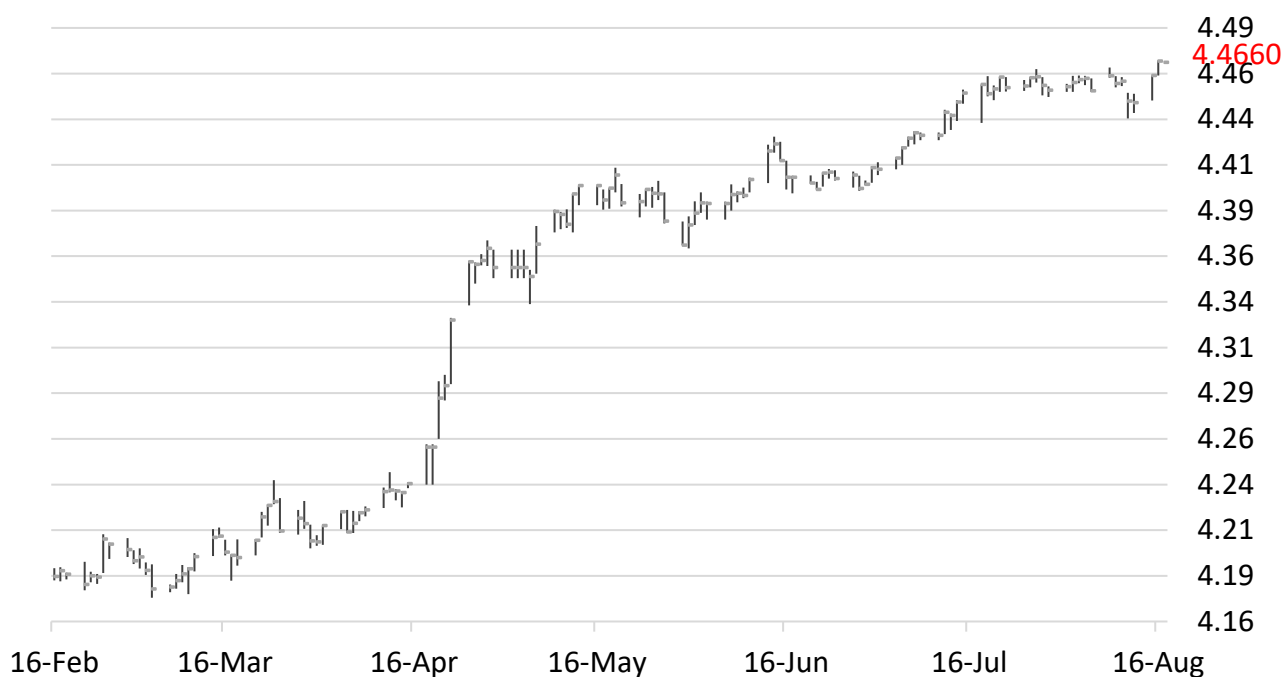


17 August 2022

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened little changed at 4.4660. This is in line with our yesterday's view that MYR will be kept within a tight range after shifting higher to above 4.4600 as the market treads cautiously ahead of US retail sales data and the key FOMC minutes.

1-Month Outlook – MYR Neutral to Slightly Bullish

We expect the MYR to recover some lost ground, supported by further domestic economic recovery and a catch-up in BNM policy normalization. BNM is expected to hike the OPR by another 50bps this year, bringing the OPR to 2.75% at the year end. The elevated oil prices coupled with the increase in minimum wage to RM1,500 effective 1st May should continue to support economic growth. We have taken into account the broader USD strength which appears to have peaked in this current cycle as the Fed is expected to turn less hawkish in view of weaker data.

	S2	S1	Indicative	R1	R2
USD/MYR	4.4400	4.4500	4.4660	4.4700	4.4800

MYR Crosses

SGD/MYR



SGD/MYR Neutral

SGD/MYR opened 0.10% higher at 3.2401. SGD managed to recover some losses overnight as USD saw mixed performances. We maintain the view that upsides are capped at 3.2500 and support is at 3.2300 for now, ahead of FOMC minutes. In the medium term, increasing external headwinds are expected to dampen Singapore's growth prospect but SGD should remain supported by the MAS' next tightening in October.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.2200	3.2300	3.2395	3.2500	3.2600

GBP/MYR



GBP/MYR Neutral

GBP/MYR opened 0.48% higher at 5.4025, tracking the stronger sterling performance overnight. The UK unemployment rate held steadily at 3.8% although job growth had slowed. After today's correction, we expect GBP/MYR to range-trade ahead of UK CPI and the FOMC minutes. GBP remains very much dollar driven but upcoming data should offer a picture of the UK's latest economic conditions and price situation to gauge the BOE's next move.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.3600	5.3817	5.4044	5.4328	5.4500

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.35% higher at 3.1354; AUD/USD was flat overnight as the RBA minutes reiterated that rates are not on a pre-set path. We remain neutral on AUD/MYR for now ahead of the FOMC minutes to set direction, after which focus will switch to the monthly Australian job data.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.1000	3.1200	3.1360	3.1500	3.1700

Source: Bloomberg, HLBB Global Markets Research

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