18 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 4.4675, just 5pips above its previous closing and has since edged higher to 4.4688 at time of writing. The USD managed a small gain overnight after FOMC minutes offered hints that the pace of Fed rate hike may need be dialed back going forward. However, policy makers' concerns over risk of entrenched inflation implied the Fed is not done with its rate hike cycle yet. We remain neutral on USD/ MYR today amid overall cautiousness in the markets amid increasing growth concerns in the global economy.

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	4.4688	4.4700	4.4800

MYR Crosses

SGD/MYR

SGD/MYR Neutral

SGD/MYR opened 0.07% lower at 3.2326 and was seen trading higher to 3.2352. Overnight weakness in USD/ SGD vis-à-vis a stable USD/ MYR could spell downside risk for SGD/ MYR but we believe downside is capped by 3.23, ehne our Neutral outlook. In the medium term, increasing external headwinds are expected to dampen Singapore's growth prospect but SGD should remain supported by expectations for another round of tightening by MAS in October.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.2200	3.2300	3.2352	3.2500	3.2600

GBP/MYR

GBP/MYR Slightly Bearish

GBP/MYR opened 0.49% lower at 5.3807, tracking the weaker sterling performance overnight. The spike in UK CPI to 10.1% y/y in July spurred concerns further BOE hike will execerbate the slowdown in the UK economy. GBP remains very much dollar driven but upcoming retail sales and consumer confidence data should shed more lights into the UK growth outlook to gauge the BOE's next move.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.3485	5.3600	5.3884	5.4045	5.4328

AUD/MYR

AUD/MYR Slightly Bearish

AUD/MYR opened 0.55% lower at 3.0963 but has since bounced higher to 3.1046 at time of writing amid some advances in the Aussie. Daily outlook is slightly bearish as we expect narrowing losses in the pair heading into European session. However, Australian job data disappointed and is expected to keep a lid on Aussie.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0670	3.0820	3.1046	3.1088	3.1170

Source: Bloomberg, HLBB Global Markets Research

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