

19 July 2022

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Bearish

USD/MYR opened unchanged at 4.4540. After having crossed the 4.4500 stronghold, the pair likely shifts upwards to 4.4500-4.4700 range if risk sentiment takes a sour turn. Traders' focus is on the scheduled reopening of the Nord Stream 1 pipeline this week which is expected to set the tone for the FX and global markets in general. A rally in USD and haven assets are expected should Russia choose to extend the shutdown. On the contrary, a scheduled resumption will lead to a relief rally in risk assets.

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	3.4250	4.4385	4.4560	4.4600	4.4700

MYR Crosses

SGD/MYR

SGD/MYR Slightly Bullish



SGD/MYR opened little changed at 3.1873. The cross remains supported above 3.1800 thanks to MYR's underperformances among Asian currencies. Singapore's NODX growth came in at 9% y/y for June and marked its 19th consecutive increase. SGD/MYR remains biased towards the upside today on the back of weaker MYR.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.1600	3.1750	3.1871	3.1950	3.2000

GBP/MYR

GBP/MYR Slightly Bullish



GBP/MYR opened little changed at 5.3221. The surge in the sterling overnight helped push GBP/MYR back above 5.3000 thanks to weaker broad USD. Watch out for a slew of top-tiered UK data namely CPI, retail sales, job data and also consumer confidence this week for further direction. We expect the current GBP rally to be temporary as the sterling may continue underperforming the dollar, even if data turn out positive, taking into account gradual (rather than aggressive) BOE tightening.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.2500	5.2870	5.3169	5.3400	5.4000

AUD/MYR

AUD/MYR Slightly Bullish



AUD/MYR opened 0.43% lower at 3.0329. The cross maintains momentum above 3.0300 ahead of the RBA meeting minutes for July. AUD bulls are searching for clues for another 50bp rate hike in the minutes. Improving risk sentiment and a broad-based retreat in the dollar continue to offer support to the commodity currency.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9700	3.0100	3.0320	3.0450	3.0600

Source: Bloomberg, HLBB Global Markets Research

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