

19 August 2022

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Slightly Bearish

USD/MYR opened little changed at 4.4740. The USD bulls propelled USD/MYR towards 4.4800 handle this morning as the greenback posted broad-based increase in the overnight session. After hitting 4.4800, the next critical level to watch out for is the all-time record high of 4.5000, last hit in 2017. Cautious sentiment should keep the pair anchored near 4.4800 in our view, as the market digested mixed US data, corporate earnings and await more Fed-related news/remarks.

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	4.4600	4.4810	4.4900	4.5000

MYR Crosses

SGD/MYR

SGD/MYR Neutral



SGD/MYR opened 0.24% lower at 3.2286 and managed a small rebound to above 3.2300. The bullish USD strength will be capping the cross' daily movement today ahead of the weekend. 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	3.2250	3.2314	3.2400	3.2500

GBP/MYR

GBP/MYR Slightly Bearish



GBP/MYR opened 1% lower at 5.3370 this morning, as the sterling marched down 1% overnight amid the broad USD strength. The UK 10% CPI inflation and a further deterioration in consumer confidence reaffirmed a bleak outlook. The risk of an extended energy crisis looms as winter is approaching. Retail sales data due today is expected to offer a firmer view of the current state of consumption.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.3000	5.3200	5.3398	5.3600	5.3880

AUD/MYR

AUD/MYR Slightly Bearish



AUD/MYR opened 0.66% lower at 3.0917, tracking the modestly weaker AUD/USD overnight. Daily outlook is slightly bearish, meaning large down moves are unlikely ahead of the weekend and amid a lack of major events/data. The surprise weakness in Australia's job report allows the RBA more flexibility in the next meeting and spur speculations that it may revert to a smaller 25bp rate hike in September.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0650	3.0800	3.0932	3.1125	3.1278

Source: Bloomberg, HLBB Global Markets Research

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