

21 July 2022

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Bearish

USD/MYR opened little changed at 4.4500 and advanced further to 4.4560. The rebound in USD and multiple event risks are pressuring the ringgit today. The focus is on the European continent as there are uncertainties over the ECB's rate hike decision, Italian political turmoil as well as the scheduled reopening of the Nord Stream 1 pipeline on 22 July.

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	3.4265	4.4400	4.4565	4.4600	4.4700

MYR Crosses

SGD/MYR

SGD/MYR Neutral



SGD/MYR opened little changed at 3.1958. The cross is aiming to breach 3.2000 on the back of a weaker MYR but we suspect that the attempt may be futile given risk aversion. SGD is seen trading on a flat note against the dollar as of writing as traders tread cautiously amid mounting event risks.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.1750	3.1850	3.1980	3.2000	3.2050

GBP/MYR

GBP/MYR Neutral to Slightly Bearish



GBP/MYR opened 0.34% lower at 5.3275. The sterling weakened overnight, driven by the broad USD rebound, despite a record high CPI inflation that bolstered the case for a half-percentage-point BOE rate hike. The race to become British PM has now narrowed to two candidates and seems to have little impact on the sterling thus far. Event risks in the European continent are expected to sideline the sterling.

To	S2	S1	Indicative	R1	R2
GBP/MYR	5.2500	5.3000	5.3340	5.3700	5.4000

AUD/MYR

AUD/MYR Bearish



AUD/MYR opened 0.56% lower at 3.0647, snapping a three-day gaining streak thanks to the weaker aussie dollar overnight. Risk aversion is expected to suppress AUD as the USD is expected to remain firmer today ahead of multiple events.

To	S2	S1	Indicative	R1	R2
AUD/MYR	3.0000	3.0500	3.0680	3.0850	3.1000

Source: Bloomberg, HLBB Global Markets Research

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