

22 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 4.4810. After breaking several key levels consistently for the past week, the pair remains slightly bullish and is poised to test 4.4900 before targeting the record high of 4.5000. Potential volatility in the greenback in conjunction with the Fed's Jackson Hole symposium may instill some knee-jerk movement in the MYR, hence our weekly range of 4.45-4.49.

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	4.4600	4.4700	4.4835	4.4900	4.5000

MYR Crosses

SGD/MYR



SGD/MYR Neutral

SGD/MYR opened 0.34% lower at 3.2154. The USD bulls continued to weigh on the SGD as it extended its down move since mid-August. We are neutral on SGD/MYR today against a backdrop of dollar strength and a lack of major drivers. In the medium term, increasing external headwinds are expected to dampen Singapore's growth prospects as the Fed is expected to be relatively hawkish compared to the MAS which is likely to tighten policy in October.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.2000	3.2129	3.2193	3.2250	3.2345

GBP/MYR



GBP/MYR Bearish

GBP/MYR opened 0.63% lower at 5.2922, tracking the selloff in the sterling last Friday. The USD bulls are expected to weigh on GBP. The UK 10% CPI inflation and a further deterioration in consumer confidence reaffirmed a bleak outlook. Retail sales data turned out positive, boosted by online sales but other sectors posted declines. The risk of an extended energy crisis deepened.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.2500	5.2700	5.2962	5.3500	5.3665

AUD/MYR



AUD/MYR Bearish

AUD/MYR opened 0.39% lower at 3.0795, tracking weaker AUD/USD on Friday. Daily outlook remains bearish amid risk aversion; Australia's main stock benchmark shed 1% this morning. The surprise weakness in Australia's latest 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	3.0500	3.0700	3.0840	3.1000	3.1235

Source: Bloomberg, HLBB Global Markets Research

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damansara

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my**DISCLAIMER**

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