

23 June 2022

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to Slightly Bearish

USD/MYR opened 0.07% lower at 4.4025 and is seen edging higher to 4.4045 as of writing. Cautious market sentiment after the overnight selloff in risk assets should keep the pair supported above 4.4000 for now as the ringgit faces risk of further weakening amid the intensifying recession fear.

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 a 25bps increase in the OPR by BNM at the May MPC meeting and we expect another 50-75bps 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. On the flipside, the Russia-Ukraine crisis and China's strict Covid policy could potentially derail recovery and policy normalization path.

	S2	S1	Indicative	R1	R2
USD/MYR	4.3800	4.3900	4.4045	4.4075	4.4200

MYR Crosses

SGD/MYR



SGD/MYR Neutral

SGD/MYR opened 0.22% higher at 3.1764. The cross continues to trade within a tight range of 3.1650-3.1770 amid a lack of direct domestic drivers as the market looks towards US-related development. We maintain the neutral outlook for SGD/MYR for now, expecting it to continue registering muted movement.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.1450	3.1600	3.1747	3.1800	3.1900

GBP/MYR



GBP/MYR Neutral

GBP/MYR opened 0.27% higher at 5.3976. We continue to see limited strength in the sterling. While the change in the BOE's forward guidance to a hawkish stance removes some uncertainty over the previously expected gap between the Fed-BOE rate hike cycles, the weaker showings of recent UK data suggested that the UK may be in a more difficult position to take rates higher further, thus limiting the GBP upsides.

To	S2	S1	Indicative	R1	R2
GBP/MYR	5.3045	5.3500	5.3983	5.4290	5.5000

AUD/MYR



AUD/MYR Neutral to Slightly Bearish

AUD/MYR opened 0.04% higher at 3.0422. The recently hawkish RBA minutes and additional signals from Governor Lowe for more rate hikes only gave AUD a temporary boost as expected. Outlook remains neutral to slightly bearish for AUD/MYR as the global recession fear may continue to weigh on oil prices and risk assets in general.

To	S2	S1	Indicative	R1	R2
AUD/MYR	3.0135	3.0300	3.0461	3.0852	3.1350

Source: Bloomberg, HLBB Global Markets Research

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