

23 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 4.4850. After breaking several key levels consistently for the past week, the pair is poised to test 4.4900 today 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; we revised our weekly range to 4.46-4.50, awaiting guidance from Fed Chair Jerome Powell's Friday speech at the said annual central bank retreat.

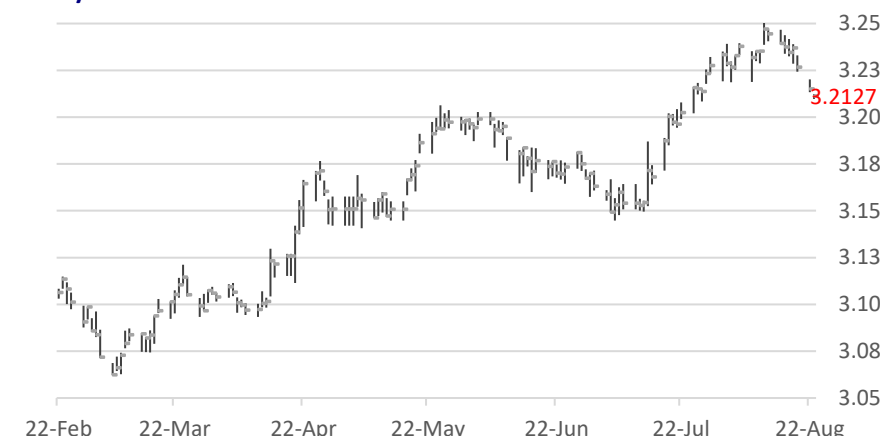
1-Month Outlook – MYR Neutral to Slightly Bullish

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	4.4880	4.4900	4.5000

MYR Crosses

SGD/MYR



SGD/MYR Neutral

SGD/MYR opened 0.15% lower at 3.2103. 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 ahead of US PMI data and Jackson Hole Symposium. 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	3.2100	3.2122	3.2184	3.2300

GBP/MYR



GBP/MYR Slightly Bearish

GBP/MYR opened 0.36% lower at 5.2780. GBP outlook remains bearish amid the strong USD sentiment but downside may be capped by the anticipation for the UK PMI readings (due today). The UK 10% CPI inflation, extended energy crisis and a further deterioration in consumer confidence reaffirmed a bleak outlook.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.2500	5.2700	5.2845	5.3150	5.3500

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.55% lower at 3.0857 but regained some ground back above 3.0900. Outlook is neutral for now as the FX markets are correcting from last night's dollar rally. The surprise weakness in Australia's most recent job report allows the RBA more flexibility in the next meeting and spurred speculation that it may revert to a smaller 25bp rate hike in September.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0500	3.0700	3.0934	3.1000	3.1235

Source: Bloomberg, HLBB Global Markets Research

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