

24 August 2022

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened little changed at 4.4850. Risk aversion ahead of the Jackson Hole Symposium is holding USD/MYR in check at levels below 4.4900 as the markets brace for potential volatilities stemming from Fed Chair's likely hawkish remarks. We continue to see a weekly range within 4.46-4.50 for now, awaiting guidance from the said annual central bank's 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 0.23% higher at 3.2224 on knee-jerk reaction but settled back to 3.2100 levels. We remain neutral on SGD/MYR today ahead of the 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	3.2183	3.2184	3.2300

GBP/MYR



GBP/MYR Neutral

GBP/MYR opened 0.38% higher at 5.3062, tracking the rebound in the sterling in the overnight session. Event risk should keep GBP/MYR grounded near 5.3000. The UK PMI data showed that the services sector appears to hold relatively well but general business activity is still weakening. 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	5.3018	5.3150	5.3500

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.46% higher at 3.1030 as AUD rallied alongside other commodity currencies amid higher oil prices. We maintain the neutral outlook for AUD/MYR ahead of the Jackson Hole Symposium. The surprise weakness in Australia's most recent job report allowed 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	3.0700	3.0944	3.1020	3.1235	3.1500

Source: Bloomberg, HLBB Global Markets Research

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