

25 July 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 4.4520 and continues to hover near 4.4500 as of writing. Little movement is expected at the start of a new week ahead of the all-important FOMC meeting of which a 75bp rate hike has been priced in. Malaysia's CPI inflation shot to 3.4% according to Friday's data but did not boost expectations for a step-up in BNM rate hike. Risk aversion as reflected in lower global bond yields and slightly firmer USD poses some downside risks to the local unit but expect a quiet session today.

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	4.4265	4.4400	4.4525	4.4600	4.4700

MYR Crosses

SGD/MYR

SGD/MYR Slightly Bullish

SGD/MYR opened 0.05% higher at 3.2048. SGD is faring better versus MYR ahead of today's Singapore's inflation reading. The next resistance resides at 3.2100 and may be broken temporarily should CPI come in higher than expected. Other than that, cautious sentiment ahead of the FOMC meeting and heightening global growth concerns are expected to keep the cross within 3.1950-3.2100.



To	S2	S1	Indicative	R1	R2
SGD/MYR	3.1850	3.1950	3.2073	3.2100	3.2150

GBP/MYR

GBP/MYR Neutral

GBP/MYR opened 0.20% higher at 5.3363. The UK PMI readings continued to hold up relatively well compared to the US and Eurozone but showing signs of weakness. Expect GBP/MYR to tread between 5.3200-5.3400 amid a lack of direct driver and ahead of the FOMC meeting.



To	S2	S1	Indicative	R1	R2
GBP/MYR	5.2500	5.3000	5.3364	5.3600	5.4000

AUD/MYR

AUD/MYR Neutral

AUD/MYR opened 0.26% lower at 3.0736. The sharp decline in Australian bond yields this morning highlights the markets' concerns over economic outlook. Australia's quarterly CPI reading (released before the FOMC decision) is expected to offer further guidance on the RBA's rate trajectory.



To	S2	S1	Indicative	R1	R2
AUD/MYR	3.0500	3.0634	3.0727	3.0850	3.1000

Source: Bloomberg, HLBB Global Markets Research

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