

25 August 2022

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened littled at 4.4855. Risk aversion ahead of the Jackson Hole Symposium continues to hold 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	4.4850	4.4900	4.5000

MYR Crosses

SGD/MYR

SGD/MYR Neutral to Slightly Bullish

SGD/MYR opened little changed at 3.2173 but weaker USD momentum spurred a rebound in SGD and drove the pair higher. Upsides are likely capped at 3.2300 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	3.2225	3.2300	3.2350

GBP/MYR

GBP/MYR Neutral

GBP/MYR opened 0.28% lower at 5.2883. We maintain the view that event risk should keep GBP/MYR grounded near 5.3000. The bleak UK growth outlook (10% CPI inflation, extended energy crisis, weaker business activity) continue to batter the pound, outweighing expectations of another 50bp BOE rate hike in September.



	S2	S1	Indicative	R1	R2
GBP/MYR	5.2500	5.2700	5.3003	5.3150	5.3500

AUD/MYR

AUD/MYR Neutral

AUD/MYR opened 0.15% lower at 3.0973. The Aussie dollar has been holding up well for the past five sessions, partly thanks to higher oil prices. We expect AUD/MYR to stay flattish 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	3.1070	3.1235	3.1500

Source: Bloomberg, HLBB Global Markets Research

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