

26 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 4.4680 and is seen higher above the 4.4700 mark this morning. After shifting lower in the previous session, risk aversion ahead of Fed Chair Jerome Powell's speech at the Jackson Hole Symposium is expected to keep the pair at circa 4.4700. Bulls and bears alike are bracing for potential volatilities stemming from Powell's 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	4.4500	4.4600	4.4710	4.4900	4.5000

MYR Crosses

SGD/MYR



SGD/MYR Neutral

SGD/MYR opened little changed at 3.2187. We are neutral on SGD/MYR amid risk aversion. 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	3.2172	3.2300	3.2350

GBP/MYR



GBP/MYR Neutral

GBP/MYR opened 0.17% lower at 5.2867. This came as the sterling weakened alongside other majors this morning amid a morning USD rebound. Nonetheless, we are neutral on GBP/MYR with support residing at 5.2700. 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	5.2843	5.3150	5.3500

AUD/MYR



AUD/MYR Neutral

Despite the rally in AUD/USD overnight, AUD/MYR opened 0.23% lower at 3.1133 as USD regained momentum this morning. 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	3.1116	3.1235	3.1500

Source: Bloomberg, HLBB Global Markets Research

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