

27 July 2022

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened 0.06% lower at 4.4550. We maintain the view that little movement is expected 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 last Friday's release but did not boost expectations for a step-up in BNM rate hike. Risk aversion continues to pose some downside risks to the local unit but expect an otherwise 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 after 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	4.4585	4.4600	4.4700

MYR Crosses

SGD/MYR

SGD/MYR Neutral



SGD/MYR opened 0.22% lower at 3.2084. SGD's most recent rally was spurred by the red-hot Singapore's inflation that indicates another off-cycle MAS tightening. Expect SGD/MYR to trade within a tight range and be anchored near 3.2100 ahead of the FOMC meeting.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.1950	3.2000	3.2104	3.2200	3.2300

GBP/MYR

GBP/MYR Neutral



GBP/MYR opened 0.04% higher at 5.3653. GBP was relatively resilient compared to other G10 currencies in the face of renewed USD strength. Likewise, GBP/MYR is expected to see neutral trading against a backdrop of FOMC-related caution. After which, the focus should switch to the BOE's next meeting in August.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.3000	5.3370	5.3688	5.4000	5.4500

AUD/MYR

AUD/MYR Neutral to Slightly Bearish



AUD/MYR opened little changed at 3.0961 but was weighed down by the weaker than expected Australia's headline and core CPI readings. That being said, downsides are likely limited as the market prepares for the FOMC meeting.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0500	3.0650	3.0909	3.1150	3.1400

Source: Bloomberg, HLBB Global Markets Research

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damansara

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my**DISCLAIMER**

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