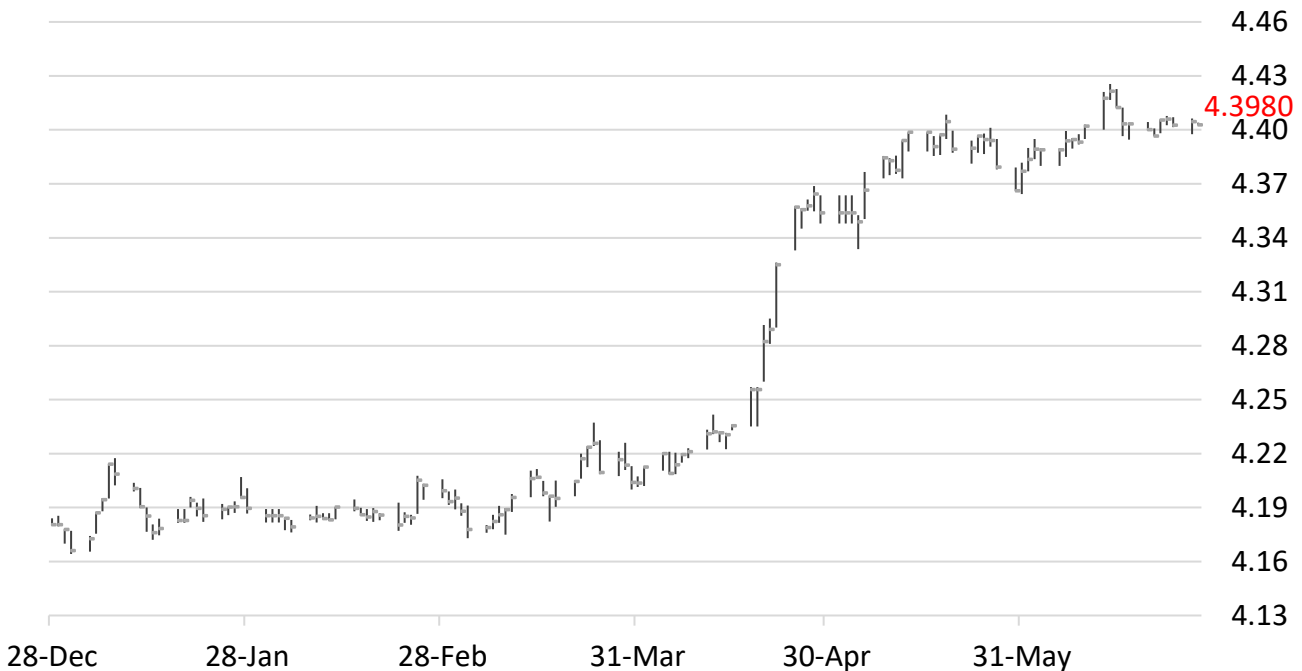


28 June 2022

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

**Intraday Thoughts – MYR Neutral to Slightly Bullish**

USD/MYR opened 0.01% lower at 4.4040 and continues muted trading. The market appears to shrug off the stronger than expected Malaysia’s CPI data that came out last Friday although the expectations for a larger 50bp OPR hike has firmed up. Cautious sentiment and the lack of direction are likely to leave the pair grounded at 4.3900-4.4000 levels today but the MYR may get some boost from the S&P’s upgrade of Malaysia’s outlook (from negative to stable). The weekly USD/MYR outlook is expected to maintain a neutral-to-bullish bias, keeping within the familiar ranges of 4.39-4.42, on the back of a sustained USD strength.

**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 1<sup>st</sup> May should provide an added impetus. Firmer growth outlook has resulted in a 25bps increase in the OPR by BNM at the May MPC meeting and we expect another 50-75bps 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. On the flipside, the Russia-Ukraine crisis and China’s strict Covid policy could potentially derail recovery and policy normalization path.

	S2	S1	Indicative	R1	R2
USD/MYR	4.3800	4.3900	4.3980	4.4075	4.4200

## MYR Crosses

### SGD/MYR



### SGD/MYR Neutral

SGD/MYR opened 0.06% lower at 3.1790 after having breached 3.1800 briefly in the previous session. The cross continues to trade within a tight range of 3.1650-3.1770 with upsides likely capped at 3.1800 amid a lack of direct domestic drivers as the market looks towards US-related development. No change to our neutral outlook for SGD/MYR for now, expecting it to continue registering muted movement.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.1450	3.1600	3.1761	3.1800	3.1900

### GBP/MYR



### GBP/MYR Neutral

GBP/MYR opened 0.4% lower at 5.4028 and is expected to stay pinned within a tight range. While the change in the BOE's forward guidance to a hawkish stance removes some uncertainty over the previously expected gap between the Fed-BOE rate hike cycles, the weaker showings of recent UK data suggested that the UK may be in a more difficult position to take rates higher further, thus limiting the GBP upsides.

To	S2	S1	Indicative	R1	R2
GBP/MYR	5.3045	5.3500	5.4053	5.4290	5.5000

### AUD/MYR



### AUD/MYR Neutral

AUD/MYR opened unchanged at 3.0486 and is clinging to a tight range on the back of cautious sentiment even as the USD lost some momentum and oil prices were pushed higher. Australia's retail sales due tomorrow morning may offer some direction as a strong reading could reaffirm hawkish RBA expectations ahead of next week's policy meeting

To	S2	S1	Indicative	R1	R2
AUD/MYR	3.0135	3.0300	3.0496	3.0600	3.0800

Source: Bloomberg, HLBB Global Markets Research

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