

28 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 4.4580. The local unit remains stable and anchored near 4.4500 post-FOMC meeting as the 75bp rate hike had been priced in much earlier. The renewed risk-on mode as evident in stronger stocks and weaker USD is expected to support the ringgit, rendering a neutral outlook.

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	4.4525	4.4600	4.4700

MYR Crosses

SGD/MYR

SGD/MYR Slightly Bullish



SGD/MYR opened 0.36% higher at 3.2250. The broad retreat in the USD helped push the SGD higher overnight, benefiting the SGD/MYR cross in the process. 3.2250 is expected to be a strong threshold to cross given stretched levels. The expectations for another off-cycle MAS tightening seems remote now as the Fed hinted at slower rate hikes ahead.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.1950	3.2000	3.2200	3.2250	3.2300

GBP/MYR

GBP/MYR Slightly Bullish



GBP/MYR opened 0.78% higher at 5.4222. GBP emerged as the top two winners against the USD in the G10 basket. GBP/MYR is expected to ride on the renewed strength in sterling as the dollar retreats post-FOMC. Nonetheless we remain neutral on the sterling in the medium term, as the BOE is likely to deliver a dovish 50bp rate hike next week in view of weakening outlook.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.3370	5.3650	5.4089	5.4500	5.4700

AUD/MYR

AUD/MYR Neutral to Slightly Bullish



AUD/MYR opened 0.65% higher at 3.1178 as the AUD/USD strengthened modestly overnight amid the broad dollar selling. We are slightly bullish on AUD/MYR as AUD bulls attempt to hit 0.7000 but may be hindered by weaker than expected retail sales for June (+0.2% vs +0.5% expected) and also the downgrade in growth outlook by the Australian government.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0730	3.0950	3.1114	3.1350	3.1500

Source: Bloomberg, HLBB Global Markets Research

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