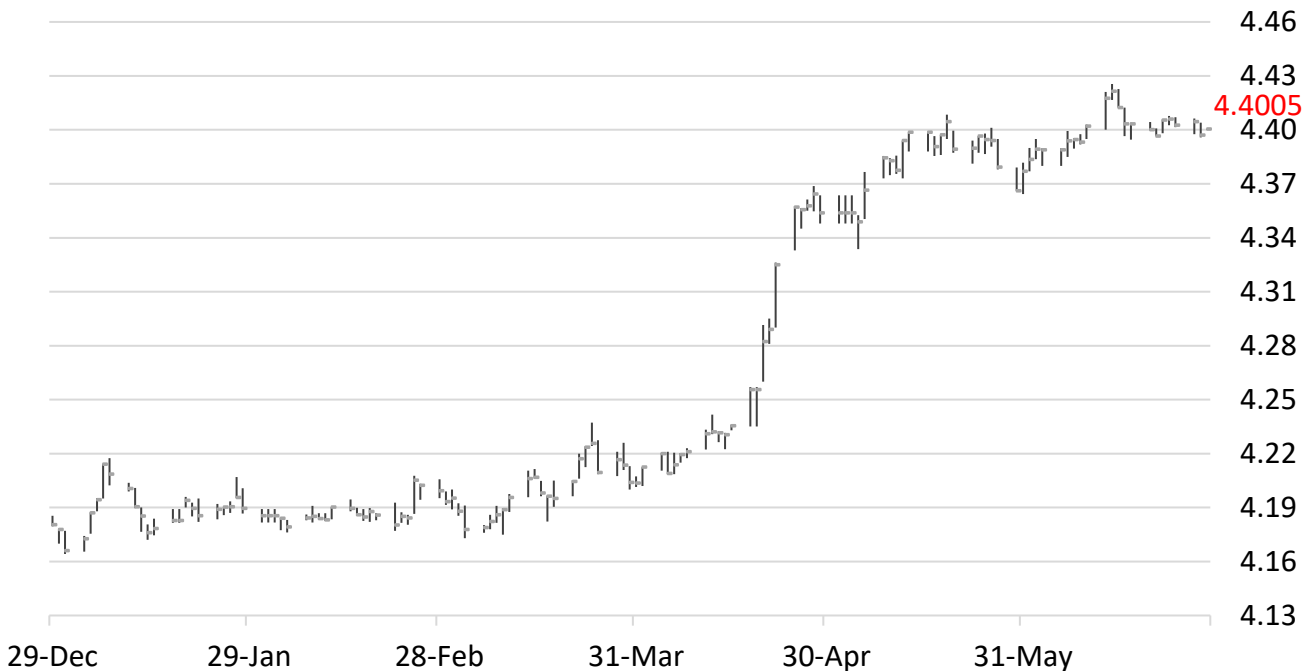


29 June 2022

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened 0.07% higher at 4.4000 today after a modestly weaker session on Tuesday. The MYR was boosted by the S&P’s upgrade of Malaysia’s outlook yesterday but was cut short by the broad-based advance in the greenback amid a retreat in risk sentiment. Cautious sentiment is likely to leave the pair grounded at 4.3900-4.4000 levels today. 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 1st 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 still strict Covid policy despite recent easing, could potentially derail recovery and policy normalization path.

	S2	S1	Indicative	R1	R2
USD/MYR	4.3800	4.3900	4.4000	4.4075	4.4200

MYR Crosses

SGD/MYR



SGD/MYR Neutral

SGD/MYR opened 0.19% lower at 3.1686 but recovered to above 3.1700. 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	3.1719	3.1800	3.1900

GBP/MYR



GBP/MYR Neutral

GBP/MYR opened 0.77% lower at 5.3590, tracking the weaker sterling overnight. The cross continues to swing between 5.3500-5.4000 and likely remain so today. 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	5.3679	5.4290	5.5000

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.58% lower at 3.0355 but rebounded above 3.0400. The pair may tread steadily, torn between the stronger USD and the higher oil prices. Australia's retail sales due today 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	3.0440	3.0600	3.0800

Source: Bloomberg, HLBB Global Markets Research

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