

29 July 2022

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to Slightly Bullish

USD/MYR opened little changed at 4.4530 and slipped below 4.4500 on the broad USD retreat following the disappointing US GDP data. The ringgit is expected to receive a minor boost from the USD weakness but should remain near 4.4500 as the market now anticipates the US core PCE inflation reading as well as key indicators such as personal spending and personal income.

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	4.4495	4.4600	4.4700

MYR Crosses

SGD/MYR

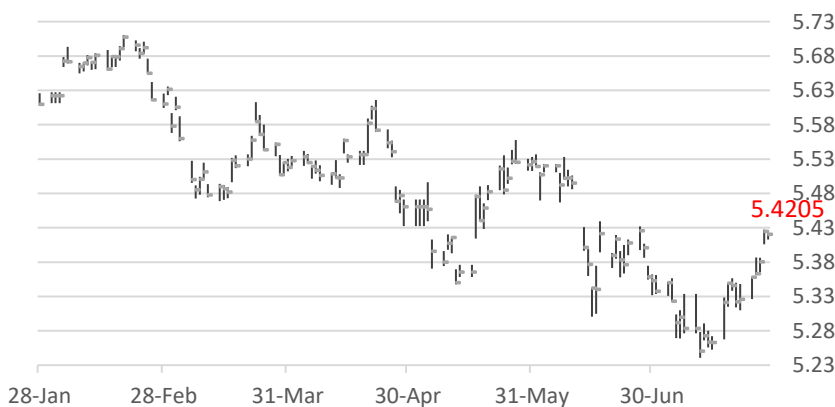


SGD/MYR Neutral

SGD/MYR opened 0.15% higher at 3.2281 but retraced the steps back to circa 3.2250. SGD advanced modestly overnight on the back of a weaker dollar. The upsides are likely remained capped at 3.2300 amid the cautious market sentiment. The expectations for another off-cycle MAS tightening seems remote now as the Fed hinted at slower rate hikes ahead while the domestic Singaporean economy is also slowing.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.1950	3.2000	3.2258	3.2300	3.2400

GBP/MYR



GBP/MYR Neutral

GBP/MYR opened little changed at 5.4213. GBP/USD extended its recent rally amid the dollar weakness. Market shifts its focus to the core PCE reading to assess the US economic conditions, thus rendering a muted outlook for the sterling today. The slightly firmer MYR also limits the GBP/MYR's upsides. 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 a weakening outlook.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.3682	5.3900	5.4205	5.4500	5.4700

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.19% higher at 3.1163 despite the flat AUD/USD performance in the overnight session. We are neutral on AUD/MYR on the back of a slightly firmer MYR and a likely muted AUD ahead of the US' key data. Focus then will be on the RBA Cash Rate decision next week.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0730	3.0950	3.1152	3.1350	3.1500

Source: Bloomberg, HLBB Global Markets Research

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