

29 August 2022

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to Slightly Bearish

USD/MYR opened 0.35% higher at 4.4820. USD strength stemmed from Fed Chair Powell's hawkish Jackson Hole remarks spilled over to the Asian session this morning and is expected to support USD/MYR but the upsides may be capped by the anticipation for Malaysia's CPI reading. The delayed release of July CPI to Monday is expected to show a jump to the high 4.0% level given the adjustment in the ceiling prices of selected food items. After trading in a higher range of 4.4700-4.4915 last week, we expect the pair to continue trading on a slightly bullish note testing the 4.50 record level, hence our weekly range of 4.46-4.50.

1-Month Outlook – MYR Neutral to Slightly Bullish

We expect the MYR to recover some lost ground, supported by further domestic economic recovery and a catch-up in BNM policy normalization. BNM is expected to hike the OPR by another 50bps this year, bringing the OPR to 2.75% at the year end. The elevated oil prices coupled with the increase in minimum wage to RM1,500 effective 1st May should continue to support economic growth. We have taken into account the broader USD strength which appears to have peaked in this current cycle as the Fed is expected to turn less hawkish in view of weaker data.

	S2	S1	Indicative	R1	R2
USD/MYR	4.4500	4.4600	4.4790	4.4900	4.5000

MYR Crosses

SGD/MYR



SGD/MYR Neutral to Slightly Bearish

SGD/MYR opened 0.56% lower at 3.1960. The cross shifted much lower from the 3.21-3.22 range towards the 3.20 handle this morning amid weaker SGD vs USD. After the sharp down moves, SGD/MYR likely stays constrained within 3.1950-3.2100. In the medium term, increasing external headwinds are expected to dampen Singapore's growth prospects as the Fed is expected to be relatively hawkish compared to the MAS which is likely to tighten policy in October.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.1950	3.2000	3.2043	3.2150	3.2300

GBP/MYR



GBP/MYR Neutral to Slightly Bearish

GBP/MYR opened 1.01% lower at 5.2207, taking the cue from last Friday's selloff in the pound sterling. GBP/USD continued to trade lower this morning, rendering the outlook for GBP/MYR slightly bearish. The bleak UK growth outlook (10% CPI inflation, extended energy crisis, weaker business activity) continue to batter the pound, outweighing expectations of another 50bp BOE rate hike in September.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.2200	5.2300	5.2344	5.2600	5.3000

AUD/MYR



AUD/MYR Neutral to Slightly Bearish

AUD/MYR opened 1.65% lower at 3.0659 and recovered to above 3.0700 as of writing. We are neutral to slightly bearish in AUD/MYR, expecting the strong USD to continue dominating the market. The surprise weakness in Australia's most recent job report allowed the RBA more flexibility in the next meeting and spurred speculation that it may revert to a smaller 25bp rate hike in September.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0500	3.0670	3.0775	3.0930	3.1160

Source: Bloomberg, HLBB Global Markets Research

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