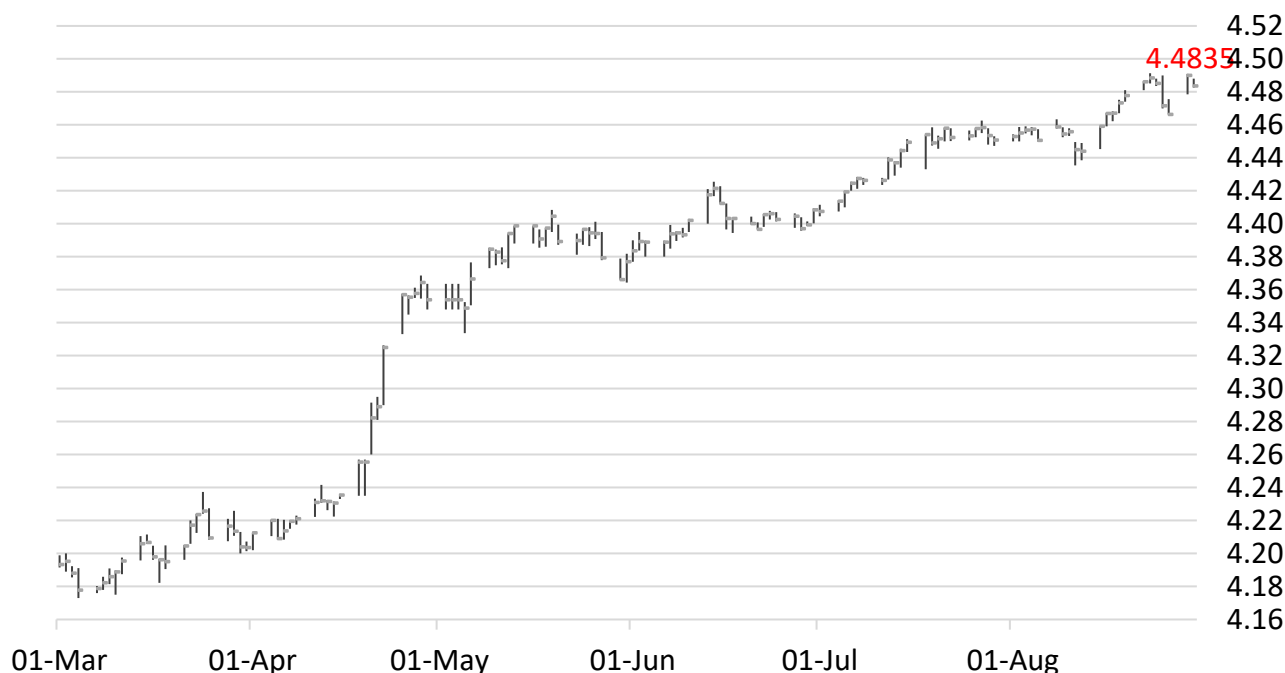


30 August 2022

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to Slightly Bearish

USD/MYR opened little changed at 4.4880. The pair marched higher to close at 4.4900, despite the higher Malaysia's CPI inflation that reaffirmed BNM's policy normalisation course. USD strength stemming from Fed Chair Powell's hawkish Jackson Hole remarks is expected to continue supporting USD/MYR. 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	4.4835	4.4900	4.5000

MYR Crosses

SGD/MYR



SGD/MYR Neutral

SGD/MYR opened 0.29% higher at 3.2177. The cross shifted back towards the 3.21-3.22 range as USD traded mixed amid thin volume overnight. 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	3.2162	3.2200	3.2300

GBP/MYR



GBP/MYR Neutral

GBP/MYR opened 0.54% higher at 5.2633 but pulled back towards 5.25s. We are neutral on the cross today, amid the lack of drivers and expect GBP to remain dollar driven. 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	5.2541	5.2600	5.3000

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.68% higher at 3.1016 and slipped back to below 3.1000. We are neutral on AUD/MYR as the overall market sentiments are mixed. 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	3.0953	3.1000	3.1160

Source: Bloomberg, HLBB Global Markets Research

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