16 December 2021

Global Markets Research

Mid-day Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened 0.04% lower at 4.2267 and were seen rangetrading at familiar levels. We are neutral to slightly bearish on USD/MYR today following overnight USD weakness and amid expectation for a relief rally in risk assets in Asia markets this morning. Markets will next focus on the BOE and ECB policy announcement for cues. No change to our weekly USD/MYR range of 4.20-4.25.

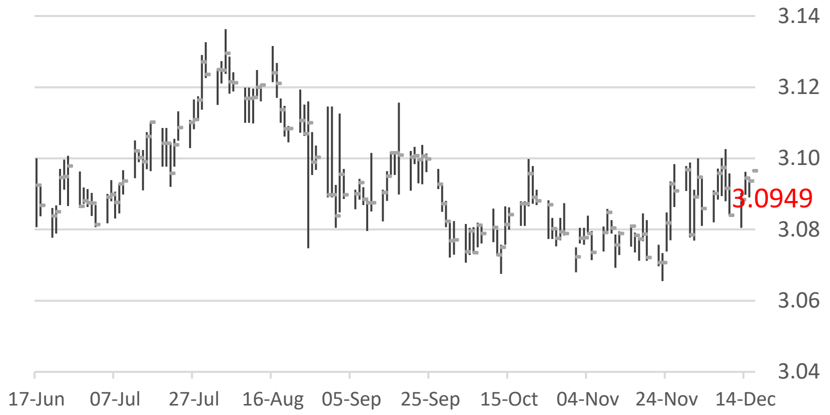
1-Month Outlook – MYR Bullish

We expect the MYR to be relatively resilient in the medium term, taking into account further economic recovery after the government relaxed more Covid-19 related restrictions. This also takes into account our view that the broader USD is also expected to strengthen modestly supported by Fed rate hike expectations and likely outperformance of recovery in the US. That said, the emergence of the Omicron variant could potentially derail the recovery and policy normalization path.

	S2	S1	Indicative	R1	R2
USD/MYR	4.2000	4.2075	4.2280	4.2420	4.2500

MYR Crosses

SGD/MYR



SGD/MYR Neutral

SGD/MYR opened 0.07% higher at 3.0958 and continued to zig-zag around this level at time of writing. We remain neutral on the pair today despite overnight USD weakness as Omicron concerns are expected to keep a lid on SGD strength. Technical momentum remains neutral and we expect the pair to continue to stay within a range of 3.08-3.10.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.0848	3.0886	3.0949	3.0970	3.1030

GBP/MYR

GBP/MYR Bearish

GBP/MYR opened 0.09% lower at 5.6095 despite overnight GBP strength amid a resilient MYR. Following up from the positive UK job data, upside surprises in inflation gauges continued to build the case for BOE rate hikes although the BOE is still expected to stay the course tonight amid Omicron uncertatinties. We expect the sterling to remain under pressure overall, unless the BOE surprises with a hawkish guidance.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.5674	5.5894	5.6052	5.6181	5.6320

AUD/MYR

AUD/MYR Neutral to Bullish

AUD/MYR spiked 0.53% to 3.0313 at this morning's opening but has since pulled back to the 3.02 handle. Risk sentiments are improving but remains very frail, evident in the volatile move this morning. The pair jumped to a 3.0539 higher post robust Australian employment data, overshadowing slightly softer PMIs. We are neutral to bullish on AUD/MYR today following the higher opening but expect gains to narrow.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0195	3.0262	3.0247	3.0349	3.0490

Source: Bloomberg, HLBB Global Markets Research

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