

21 December 2021

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to Slightly Bullish

USD/MYR opened little changed at 4.2270 and has retreated to levels slightly above 4.2200. General risk aversion, stemming from the global Omicron concern as well as hawkish central bank policies may continue to support the USD this week. However, the pair's recent failure to breach 4.23 may lead it back to 4.21-4.22. Malaysia will release November CPI on 24-December, where we are expecting an elevated reading in the 3.0% handle before tapering off in 1Q of next year.

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	4.1830	4.2000	4.2180	4.2300	4.2400

MYR Crosses

SGD/MYR



SGD/MYR Neutral

SGD/MYR opened little changed at 3.0910 and is sliding back to below 3.0900 as MYR regained some ground. We remain neutral on the pair today expecting markets to stay sideways amid a general sense of risk aversion. We expect the pair to continue staying within a range of 3.08-3.10.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.0780	3.0840	3.0860	3.0950	3.1000

GBP/MYR

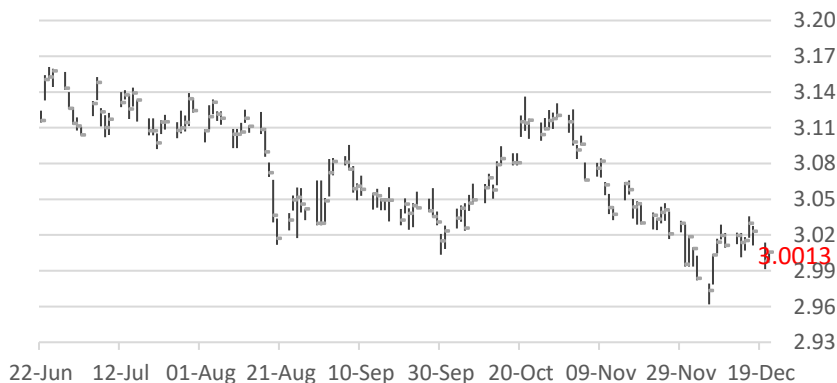


GBP/MYR Neutral to Bearish

GBP/MYR opened little changed at 5.5830 and slumped to circa 5.5750 as of writing following the continuously weaker GBP/USD. We are neutral to bearish on GBP/MYR, expecting the GBP weakness to extend to today's session as Omicron concerns intensified. The UK reported above-92k new Covid cases on Monday alone, suggesting that the government may have to resort to tightening Covid restrictions to slow the transmission.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.5500	5.5630	5.5754	5.5900	5.6087

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.2% higher at 3.0048. The pair is experiencing minor movement as the market pays little heed to the RBA meeting minutes that shows officials discussing the path of asset tapering. Nonetheless, the pair is still susceptible to the strong USD especially risk aversion continues to prevail in the market.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9690	2.9800	3.0013	3.0136	3.0300

Source: Bloomberg, HLBB Global Markets Research

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