22 December 2021

Global Markets Research

Mid-day Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened little changed at 4.2100 and slipped to circa 4.2050 amid the broad-based USD weakening. We are neutral on the pair today, expecting USD/MYR to hover near 4.2050, with immediate support at 4.2000. MYR remains vulnerable to a potential resurgence of USD, as investors monitor Omicron related headlines. On the data front, 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	4.2055	4.2300	4.2400

MYR Crosses

SGD/MYR

SGD/MYR Neutral

SGD/MYR opened little changed at 3.0856 but edged lower to 3.0840 due to relatively stronger MYR. We remain neutral on the pair today given the lack of direct catalyst for the pair. We expect the pair to continue staying within a range of 3.08-3.10.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.0750	3.0800	3.0840	3.0887	3.0937

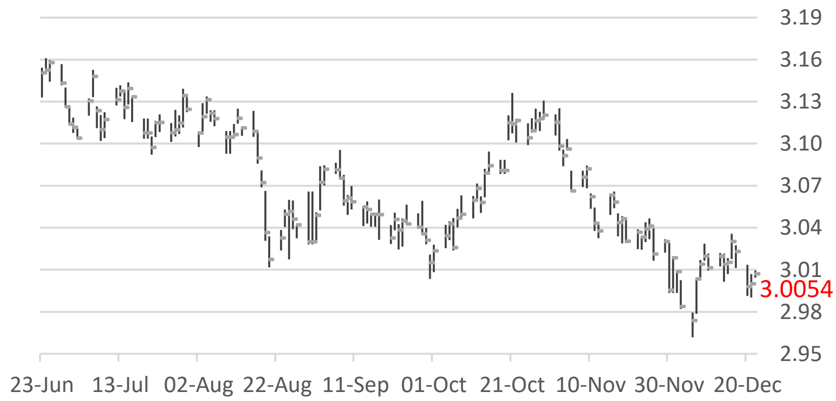
GBP/MYR

GBP/MYR Neutral

GBP/MYR opened 0.3% higher at 5.5845 after the sterling rebounded overnight thanks to a broad USD selloff. GBP/MYR remained constrained within 5.57-5.58 as both components traded higher against the USD. The government has ruled out the possibility of tightening restrictions ahead of Christmas, leaving the market to focus on 3Q GDP and Brexit talks today.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.5500	5.5630	5.5782	5.5900	5.6087

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.3% higher 3.0083 following the resurgence of risk sentiment that powered up commodity-linked currencies. AUD bulls moved forward to target 0.7180 but the concurrent rebound in MYR kept the AUD/MYR cross subdued near 3.0000.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9690	2.9800	3.0054	3.0136	3.0300

Source: Bloomberg, HLBB Global Markets Research

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