28 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 4.1825 and trades on a flat note. We are neutral to slightly bearish on USD/MYR today, as the renewed positive risk sentiment may weigh on the USD while the year-end window dressing activity on the local front may continue to tilt the pair to the downside.

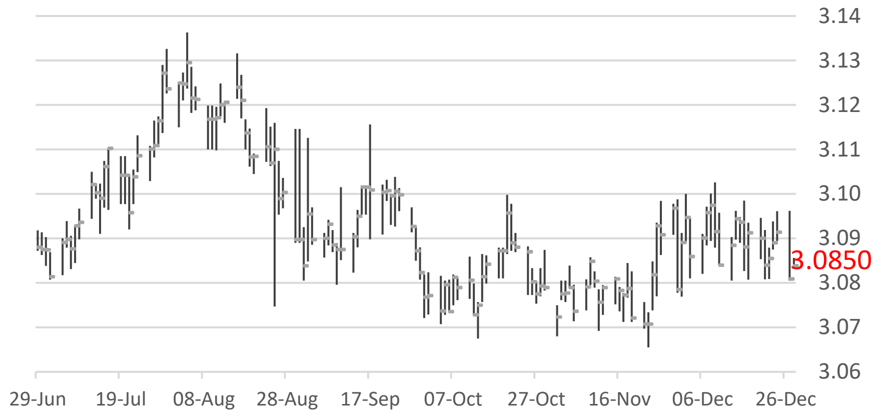
1-Month Outlook – MYR Bullish

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	4.1700	4.1800	4.1840	4.2150	4.2300

MYR Crosses

SGD/MYR



SGD/MYR Neutral

SGD/MYR opened 0.1% higher at 3.0847 as the SGD staged some modest rebound after weakening against a firmer MYR in the previous session. After the down move yesterday, the pair is expected to stick within a constrained range of 3.0800-3.0900 amid subdued trading.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.0750	3.0800	3.0850	3.0937	3.1000

GBP/MYR

GBP/MYR Neutral

GBP/MYR opened 0.3% higher at 5.6208 after the sterling strengthened against the USD alongside other major currencies. GBP/USD continues to defend the 1.3400 levels, though pulling back slightly this morning. We are neutral on GBP/MYR, expecting GBP/USD to remain at circa 1.3400 while also taking into account firmer MYR. GBP/MYR is likely to see sideways trading of 5.6150-5.6250.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.5951	5.6082	5.6198	5.6350	5.6600

AUD/MYR

AUD/MYR Neutral

AUD/MYR opened 0.4% higher at 3.0274 following the overnight AUD strengh. AUD/USD retains its recent levels at circa 0.7200. We expect AUD/MYR to remain within 3.0160-3.0370 range in the short term amid thin trading and lack of major catalysts ahead of the new year. Negative Omicron related headlines remain a major downside risk to the aussie dollar.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0050	3.0200	3.0248	3.0370	3.0490

Source: Bloomberg, HLBB Global Markets Research

Hong Leong Bank Berhad
Fixed Income & Economic Research, Global Markets
Level 8, Hong Leong Tower
6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel: 603-2081 1221
Fax: 603-2081 8936
Email: HLMarkets@hlbb.hongleong.com.my