1 June 2022

Global Markets Research

Mid-day Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to Slightly Bearish

USD/MYR opened unchanged at 4.3770 and regained ground to above 4.3800. The USD rally extends to today's Asian session as the market became even more concerned over the surging global inflation and central banks' effort to tighten policy. The risk-off flow and cautious sentiment ahead of major US data are expected to support the pair.

1-Month Outlook – MYR Neutral

We expect the MYR to recover some lost ground in the medium term; supported by the further economic recovery as the government reopened the Malaysian border on 1st April. Recent rally in global commodity prices coupled with increase in minimum wage to RM1,500 effective 1st May should provide an added impetus along with the advantage of elevated oil prices. Firmer growth outlook has resulted in a 25bps increase in the OPR by BNM at the May MPC meeting and we expect another 50bps increase for the remainder of this year. We have taken into account the broader USD which is expected to stay firm supported by safe haven demand, Fed rate hike expectations and economic outperformance in the US vis-à-vis other majors. On the flipside, the Russia-Ukraine crisis could potentially derail recovery and policy normalization path.

	S2	S1	Indicative	R1	R2
USD/MYR	4.3500	4.3600	4.3860	4.3875	4.4000

MYR Crosses

SGD/MYR

SGD/MYR Neutral

SGD/MYR opened 0.08% lower at 3.1950. The cross is expected to range-trade today amid renewed risk-off sentiment ahead of major data that will set the tone for the rest of the week. The recent breach of 3.2000 was short-lived, implying that the cross should be more comfortable at 3.1800-3.1900 levels, taking into account the renewed concerns over Singapore's growth and expectations of BNM policy catchup.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.1820	3.1900	3.1972	3.2050	3.2100

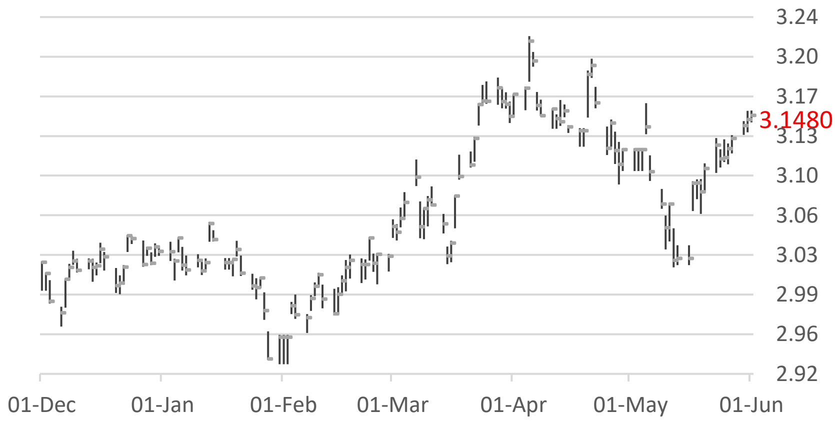
GBP/MYR

GBP/MYR Neutral

GBP/MYR opened 0.11% lower at 5.5198. The sterling lost steam alongside other major currencies in the wake of the renewed USD strength. The upsides remained capped at 5.5500 as the market assesses possible BOE moves with inflation showing signs of easing but remained elevated and may affect consumption outlook.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4820	5.5000	5.5243	5.5500	5.5700

AUD/MYR



AUD/MYR Neutral to Slightly Bullish

AUD/MYR opened 0.01% lower at 3.1438. AUD/USD pared gains near 0.7200 as Australia reported better than expected GDP growth data while China's Caixin PMI showed improvement but missed forecasts. Outlook for AUD/MYR is biased on the upsides on higher oil prices while solid growth data supports the case for more RBA rate hikes.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.1000	3.1159	3.1480	3.1500	3.1650

Source: Bloomberg, HLBB Global Markets Research

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