

3 January 2022

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 4.1655. After breaching the support of 4.1700 last week, the pair managed to correct back to above 4.1700 amid some renewed USD strength stemming from the global Omicron concerns. Nonetheless, USD/MYR remains biased to the downside this week; the RSI indicator is approaching the oversold condition, suggesting that there is still room for some down moves; the immediate support is at 4.1600.

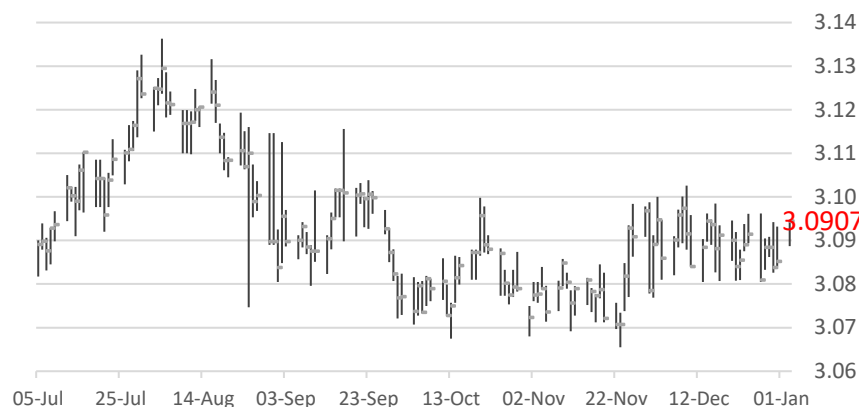
1-Month Outlook – MYR Bullish

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	4.1500	4.1600	4.1720	4.1880	4.2000

MYR Crosses

SGD/MYR



SGD/MYR Neutral

SGD/MYR opened 0.1% higher at 3.0901. This followed slightly stronger SGD in the prior session as well as the better-than-expected Singapore's 4Q GDP growth (+5.9% y/y). We maintain a neutral outlook for the pair on the back of a cautious sentiment; SGD/MYR is still forecasted to remain constrained within 3.0800-3.0950 in the short term.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.0750	3.0800	3.0907	3.0950	3.0985

GBP/MYR



GBP/MYR Neutral

GBP/MYR opened little changed at 5.6333. GBP/USD continues to defend 1.3500 level; bulls may reattempt to target 1.3540 after failure to breach the said level. We are neutral on GBP/MYR, expecting upsides to be capped below 5.6500, as the USD resurgence may weigh on GBP bulls. The UK's covid situation remains a downside risk as the country continued to report staggering number of new infections over the new year.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.6082	5.6200	5.6358	5.6500	5.6600

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened little changed at 3.0276. AUD/USD retraced back to 0.7250 after failing to breach 0.7277. We are neutral on AUD/MYR as cautious market sentiment may limit the cross to a tight range of 3.1950-3.0350 today. Australia's record high Covid cases over the weekend as well the global Omicron concern in general may give rise to AUD bears.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0100	3.0200	3.0239	3.0370	3.0487

Source: Bloomberg, HLBB Global Markets Research

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