

5 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 4.1880, strengthening to slightly above 4.1900 as of writing. Weaker USD performance overnight suggests some consolidation at 4.18-4.19 levels in the short term as market anticipates more USD driven data particularly the US ISM Services Index and the all-important job data on Friday.

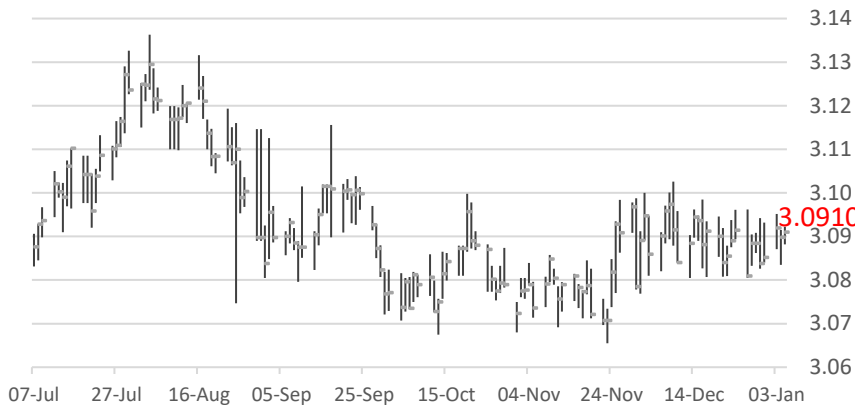
1-Month Outlook – MYR Neutral

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	4.1925	4.1950	4.2000

MYR Crosses

SGD/MYR



SGD/MYR Neutral

SGD/MYR opened little changed at 3.0882 and ticked higher to above 3.0900. We maintain a neutral outlook for the pair on the back of a cautious sentiment; Singapore's official PMI improved in December, indicating the steady expansion in the manufacturing sector. Nonetheless, 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	3.0910	3.0950	3.0985

GBP/MYR



GBP/MYR Neutral to Bullish

GBP/MYR opened 0.3% higher at 5.6650. GBP/USD recovered from the previous session's losses, strengthening to near 1.3540 today. GBP bulls benefit from the UK government's reassurance that it would not reimpose lockdown, despite continuously high new infections. We are neutral to bullish on GBP/MYR, taking into account the higher opening this morning and bullish GBP momentum.

To	S2	S1	Indicative	R1	R2
GBP/MYR	5.6280	5.6500	5.6758	5.6887	5.7000

AUD/MYR



AUD/MYR Neutral to Slightly Bullish

AUD/MYR opened 0.4% higher at 3.0307 after the aussie dollar became the top performing G10 currency overnight. AUD/USD is likely to consolidate near 0.7200 in the short term, awaiting more US data. This renders a neutral to slightly bullish outlook for AUD/MYR. Australia's high hospitalisation and over-strained testing system appeared daunting but the government promised no lockdown despite the higher cases.

To	S2	S1	Indicative	R1	R2
AUD/MYR	3.0063	3.0220	3.0350	3.0425	3.0500

Source: Bloomberg, HLBB Global Markets Research

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