

6 January 2022

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to Bearish

USD/MYR opened little changed at 4.1950 and breached 4.2000 this morning, currently targeting 4.2050 in the immediate time. This came as the Federal Reserve’s surprisingly hawkish minutes triggered even higher expectations of a sooner rate hike this year, offering support to the broad USD. Anticipation for key US data such as the ISM Services Index and the NFP job report may limit upside for USD/MYR at 4.2050 for now.

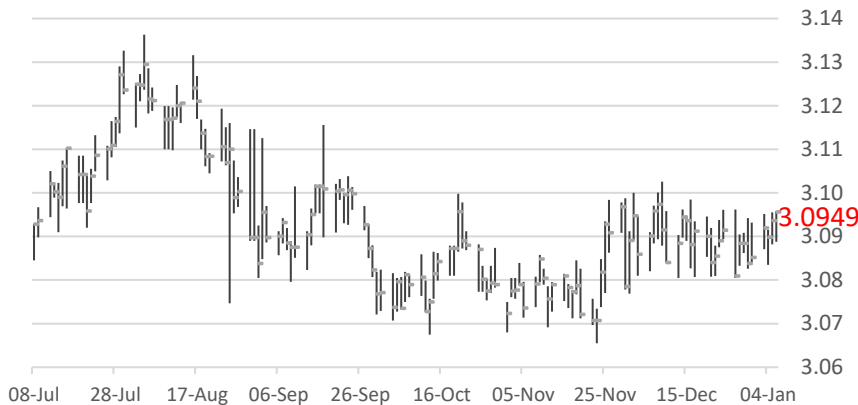
1-Month Outlook – MYR Neutral

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	4.1855	4.1900	4.2015	4.2050	4.2100

MYR Crosses

SGD/MYR



SGD/MYR Neutral to Slightly Bullish

SGD/MYR opened 0.1% lower at 3.0891 but inched higher above 3.0950 amid weaker MYR. We turned neutral to slightly bullish on SGD/MYR after the 3.0950 break. Singapore's latest data showed that the city-state economy may weather the Omicron variant relatively well. Resistance is at 3.0970, a failure to break this level may send the pair back to circa 3.0900.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.0850	3.0900	3.0949	3.0970	3.1000

GBP/MYR



GBP/MYR Neutral to Slightly Bullish

GBP/MYR opened little changed at 5.6853, hitting nearly 5.6950 before falling back to below 5.6900. This followed the modest strengthening of the GBP and EUR overnight. GBP/USD consolidates around 1.3550 as Fed rate hike expectations weighs on the pair which may result in a corrective pullback to circa 1.3500. We are neutral to slightly bullish on GBP/MYR believing that the upside for GBP/MYR is capped at 5.7000.

To	S2	S1	Indicative	R1	R2
GBP/MYR	5.6495	5.6650	5.6893	5.7000	5.7120

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.4% lower at 3.0285 after AUD weakened alongside CAD and NZD overnight. We are neutral on AUD/MYR mainly because of the concurrent weakness in both components against the USD. Australia's high hospitalisation and over-strained testing system appeared daunting but the government promised no lockdown despite the higher cases. Nonetheless, RBA's relatively dovish stance may prove a short-term bane to AUD in view of Fed's hawkish signals.

To	S2	S1	Indicative	R1	R2
AUD/MYR	3.0063	3.0220	3.0261	3.0425	3.0500

Source: Bloomberg, HLBB Global Markets Research

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