

6 April 2022

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Bearish

USD/MYR opened 0.01% lower at 4.2085. The pair breached 4.2200 once again amid the broad-based USD strength after top Fed official Lael Brainard delivered hawkish policy-tightening remarks. MYR is expected to be weighed down alongside its emerging market counterparts against the firmer dollar, hovering near 4.2200 with next resistance residing at 4.2250.

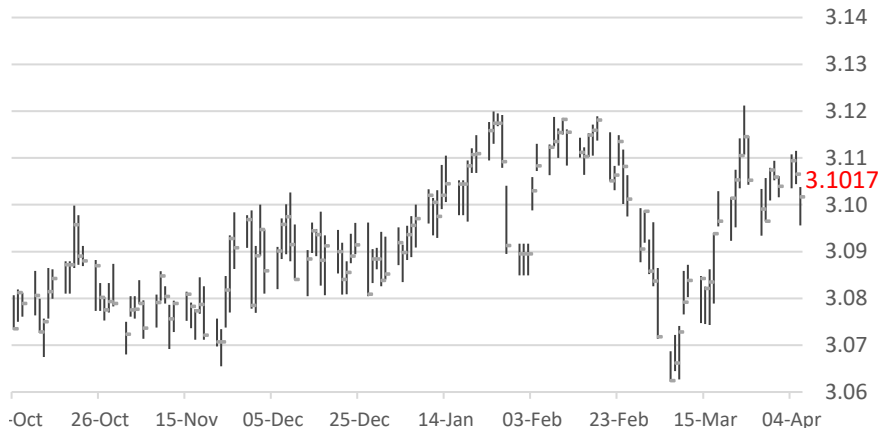
1-Month Outlook – MYR Neutral

We expect the MYR to be relatively resilient in the medium term, taking into account further economic recovery as the government reopens the Malaysian border on 1 April. Recent rally in global commodity prices coupled with the soon to be implemented 25% increase in minimum wage to RM1,500 effective 1-May should provide an added impetus. This also takes into account our view that the broader USD is also expected to stay firm supported by haven demand, Fed rate hike expectations and likely outperformance of recovery in the US vis-à-vis other majors. That said, the Russia-Ukraine crisis could potentially derail the recovery and policy normalization path.

	S2	S1	Indicative	R1	R2
USD/MYR	4.1940	4.2050	4.2205	4.2250	4.2300

MYR Crosses

SGD/MYR



SGD/MYR Neutral

SGD/MYR opened 0.30% lower at 3.0971 as the firmer USD weighs on EM currencies. The cross is likely range-bound within 3.1000-3.1100 against a backdrop of USD strength with MYR likely underperforming SGD. Upsides are still capped at circa 3.1150 for now. We maintain our view that the SGD outlook will be supported by the stronger MAS tightening expectations in mid-April to curb inflation and amid the city-state's transition to endemicity.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.0915	3.1000	3.1017	3.1155	3.1200

GBP/MYR



GBP/MYR Neutral to Slightly Bearish

GBP/MYR opened 0.37% lower at 5.5041, in line with the weaker sterling overnight. GBP/MYR is expected to be supported above 5.5000 amid the lack of fresh drivers. We maintain our view that the sterling will likely remain suppressed by the dimmer growth outlook in the UK while the higher inflation continues to spur BOE rate hike expectations unless a solid progression in Ukraine-Russia negotiations brought about a rally in risk assets.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4750	5.5000	5.5143	5.5500	5.5875

AUD/MYR



AUD/MYR Bullish

AUD/MYR opened 0.65% lower at 3.1927 and briefly surged to 3.2184 before retreating to circa 3.2000. AUD/USD was boosted by what appeared to be renewed hawkish signals from the RBA after the central bank dropped the "patient" language in its statement. This is in line with our view that the market may react and push the pair towards 3.2000 with upsides capped at 3.2200 on stretched positions.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.1260	3.1500	3.2000	3.2200	3.2340

Source: Bloomberg, HLBB Global Markets Research

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