7 February 2022

Global Markets Research

Mid-day Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened 0.1% higher at 4.1835. We are neutral on the pair today and in the week ahead, eyeing a weekly range of 4.17-4.20 amid cautious sentiment at the start of a week. Malaysia's 4Q21 GDP reading (due on 11-Feb) is expected to be the key driving factor for the pair. Any bigger than expected rebound in Malaysia's 4Q GDP will be positive for the MYR.

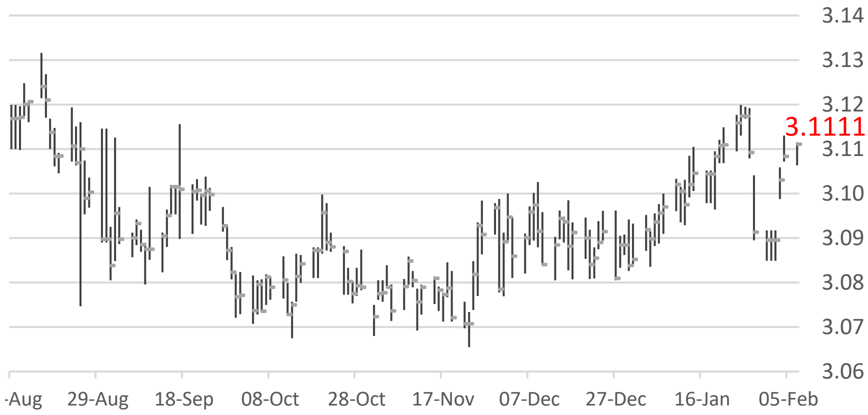
1-Month Outlook – MYR Neutral

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 stay firm supported by aggressive Fed rate hike expectations and likely outperformance of recovery in the US vis-à-vis other majors. That said, the emergence of the Omicron variant could potentially derail the recovery and policy normalization path.

	S2	S1	Indicative	R1	R2
USD/MYR	4.1600	4.1730	4.1850	4.1920	4.2070

MYR Crosses

SGD/MYR



SGD/MYR Neutral to Slightly Bullish

SGD/MYR opened little changed at 3.1077 and rallied above 3.1100 as of writing, in line with our view that the pair has more room to head higher, towards 3.1130-3.1150 range. Singapore's strong economic data such as the continuous increase in retail sales had been supportive of the SGD despite the surge in the Covid-19 cases.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.1000	3.1065	3.1111	3.1130	3.1150

GBP/MYR

GBP/MYR Neutral to Slightly Bearish

GBP/MYR opened 0.30% lower at 5.6557, in response to the slump of the sterling last Friday. GBP is expected to underperform the EUR this week despite the recent BOE rate hike as the ECB's hawkish tilt continues to support the single currency. Major data to watch out for this week are the UK and Malaysia's 4Q GDP reports.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.6477	5.6623	5.6651	5.6875	5.6955

AUD/MYR

AUD/MYR Neutral to Slightly Bearish

AUD/MYR opened 0.4% lower at 2.9587 after the aussie dollar plunged by nearly 1% last Friday. Risk off flow and relatively uncertain RBA policy outcome (compared to the strong Fed rate hike sentiment) may weigh on the AUD. The expected recovery in USD this week also posts downside risks to AUD/MYR.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9326	2.9500	2.9602	2.9687	2.9836

Source: Bloomberg, HLBB Global Markets Research

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