8 March 2022

Global Markets Research

Mid-day Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to Slightly Bearish

USD/MYR opened 0.05% higher at 4.1810 after closing at 4.1790 in the previous session. We are neutral to slightly bullish on the pair today, taking into account heightened risk aversion that may shift the pair higher as well as the continued expectations that the MYR may remain relatively resilient against the broad USD strength, thanks to support from higher commodity prices.

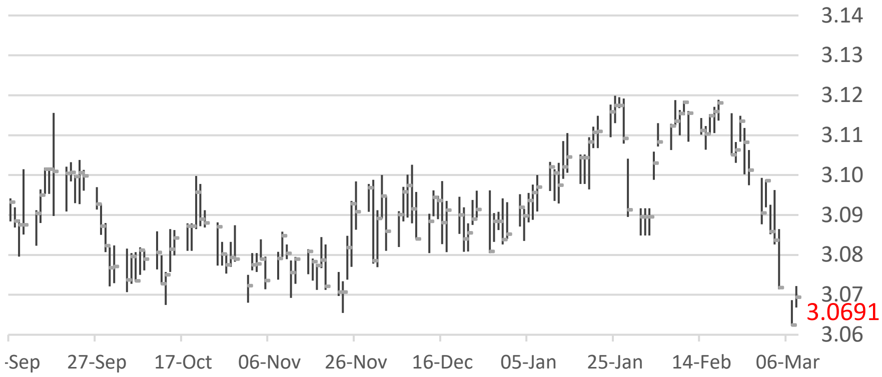
1-Month Outlook – MYR Neutral

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. Recent rally in global oil prices 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, emergence of the Omicron variant earlier could potentially derail the recovery and policy normalization path.

	S2	S1	Indicative	R1	R2
USD/MYR	4.1655	4.1730	4.1815	4.1875	4.1960

MYR Crosses

SGD/MYR



SGD/MYR Neutral

SGD/MYR opened 0.2% higher at 3.0677, recovering slightly from the selloff in the prior session. SGD/USD remains vulnerable to the intensifying Russia-Ukraine crisis given the impact of uncertainties on EM currencies. We turn neutral on SGD/MYR today on the back of some SGD reversal and continued resilience in MYR. Expect the pair to stabilise at near 3.0700 as the market monitor headlines.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.0600	3.0650	3.0691	3.0750	3.0800

GBP/MYR

GBP/MYR Bearish

GBP/MYR opened 0.4% lower at 5.4798, in tandem with the weaker sterling overnight. Despite some recovery in the sterling this morning, we maintain the view of a bearish GBP/MYR, on the back of a more resilient ringgit and continued exposure of the sterling to the geopolitical crisis.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4500	5.4700	5.4866	5.5000	5.5275

AUD/MYR

AUD/MYR Neutral

AUD/MYR opened 0.99% lower at 3.0626 as AUD/USD retreated in the face of broad USD strength. We are neutral on AUD/MYR after the recent down moves expecting the cross to trade at 3.0600-3.0800 today as the market monitors the Ukraine crisis. Nonetheless, the growing crude supply fear may continue to boost crude oil prices and help AUD/MYR to recover back above 3.0800.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0332	3.0542	3.0675	3.0800	3.0950

Source: Bloomberg, HLBB Global Markets Research

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