9 May 2022

Global Markets Research

Mid-day Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Bearish

USD/MYR opened 0.15% higher at 4.3730 and has been hovering around this region, trading at 4.3762 at time of writing. MYR outlook remained bearish today on the back of sustained USD strength as markets remained under selling pressure on lingering concerns over stagflation, geopolitical risks and China's Covid uncertainties. Domestically, cautiousness ahead of BNM OPR decision on 11-May followed by 1Q GDP data on 13-May will likely suppress the MYR, along with broad weakness in Asian currencies. We expect the pair to trade in a range of 4.35-4.40 this week.

1-Month Outlook – MYR Neutral

We expect the MYR to recover some lost ground in the medium term; supported by further economic recovery as the government reopened the Malaysian border on 1st April. Recent rally in global commodity prices coupled with increase in minimum wage to RM1,500 effective 1st May should provide an added impetus along with the advantage of elevated oil prices. We have taken into account the broader USD which is expected to stay firm supported by safe haven demand, Fed rate hike expectations and economic outperformance in the US vis-à-vis other majors. On the flipside, the Russia-Ukraine crisis could potentially derail recovery and policy normalization path.

	S2	S1	Indicative	R1	R2
USD/MYR	4.3490	4.3540	4.3762	4.3800	4.3900

MYR Crosses

SGD/MYR

SGD/MYR Neutral

SGD/MYR opened 0.28% lower at 3.1468 and has since pared some losses, trading at 3.1492 at time of writing. Daily outlook for the pair is neutral as we expect both the SGD and MYR to remain susceptible to bearish market forces, in tandem with other Asian currencies. Over the more medium term, the SGD may exhibit a more bullish bias vis-à-vis the MYR underpinned by policy tightening bias from MAS.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.1396	3.1412	3.1492	3.1600	3.1640

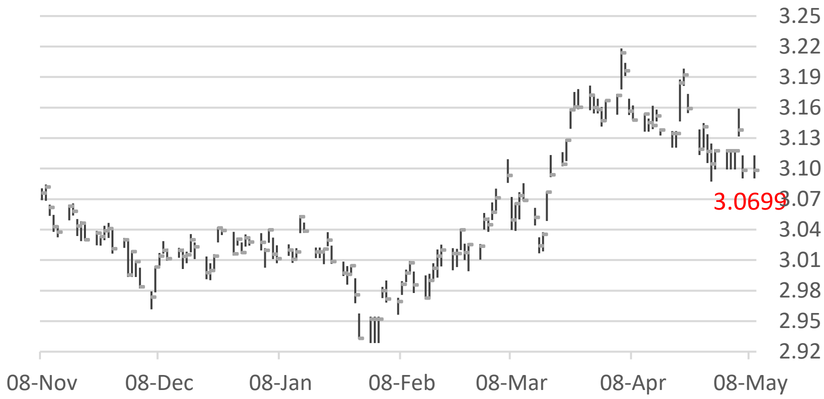
GBP/MYR

GBP/MYR Bearish

GBP/MYR opened 0.25% lower at 5.3821 and was seen trading slightly higher at 5.3860 at time of writing. Daily GBP/MYR outlook is bearish as there appeared to be no let-up in GBP weakness given unperturbed USD strength, most probably due to expectations of imminent widening yield differentials as the Fed steps up its rate hike quantum.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.3500	5.3741	5.3860	5.4132	5.4400

AUD/MYR



AUD/MYR Bearish

AUD/MYR opened 0.71% lower at 3.0760 and extended its leg down, trading at 3.0699 at time of writing. Daily outlook is bearish following the lower opening and selling pressure on commodity currencies. A break of the 3.10 support is expected to instil further bearishness in the pair, potentially towards the 3.05 handle.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0522	3.0622	3.0699	3.0852	3.0911

Source: Bloomberg, HLBB Global Markets Research

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