

11 January 2022

Global Markets Research
Mid-day Currency Outlook
USD/MYR


Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened little changed at 4.2010. MYR appears to be benefitting from the fading USD strength this morning, as the pair moves lower to below 4.1950 as of writing. On a weekly basis, we maintain our bullish view on the USD/MYR as the Fed is expected to move more aggressively at normalising its policy. We continue to eye a weekly range of 4.1800-4.2300.

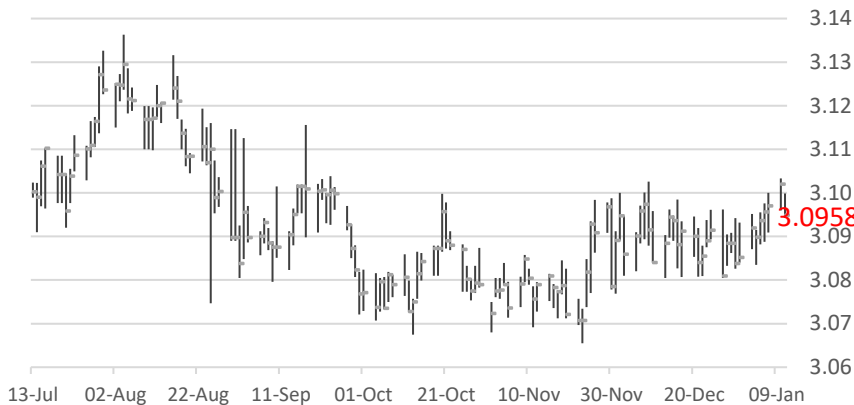
1-Month Outlook – MYR Neutral

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	4.1845	4.1900	4.1945	4.2100	4.2175

MYR Crosses

SGD/MYR



SGD/MYR Neutral

SGD/MYR opened 0.1% lower at 3.0981 thanks to relatively stronger MYR in the morning. We are neutral on SGD/MYR, expecting it to stay near at more familiar levels below 3.1000 after the recent up moves. Cautious sentiment characterised by the Fed rate hike expectations continues to dominate the general market.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.0900	3.0926	3.0958	3.1000	3.1030

GBP/MYR



GBP/MYR Neutral

GBP/MYR opened 0.1% lower at 5.7042 after the GBP weakened alongside other major currencies against the USD overnight. GBP/USD bulls haven't given up on breaching 1.3600 although the move may be delayed by the cautious market sentiment this morning as USD strength faded. We expect GBP/MYR to trade sideways near the big figure of 5.7000.

To	S2	S1	Indicative	R1	R2
GBP/MYR	5.6690	5.6850	5.7002	5.7065	5.7262

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.1% lower at 3.0159, in line with the weaker AUD/USD overnight. The upside surprise to Australia's retail sales data offers some support to AUD/USD but MYR's resilience offsets the potential up moves in AUD/MYR. We are neutral on AUD/MYR, expecting flattish movement within 3.0100-3.0200. Australia's grim Covid situation and the growing Fed rate hike expectations remain the major downside risks to AUD this week.

To	S2	S1	Indicative	R1	R2
AUD/MYR	3.0000	3.0100	3.0142	3.0322	3.0475

Source: Bloomberg, HLBB Global Markets Research

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