

11 May 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 0.01% lower at 4.3825 after having closed little changed on Tuesday at 4.3830 (-0.04%). USD/MYR outlook is neutral to slightly bullish, potentially in a range of 4.35-4.40 in our view despite the persistently overbought condition since mid-April. Today's BNM OPR decision and 1Q GDP on 13 May are expected to keep investors on toes. We expect no change in the OPR although markets are turning split on the decision.

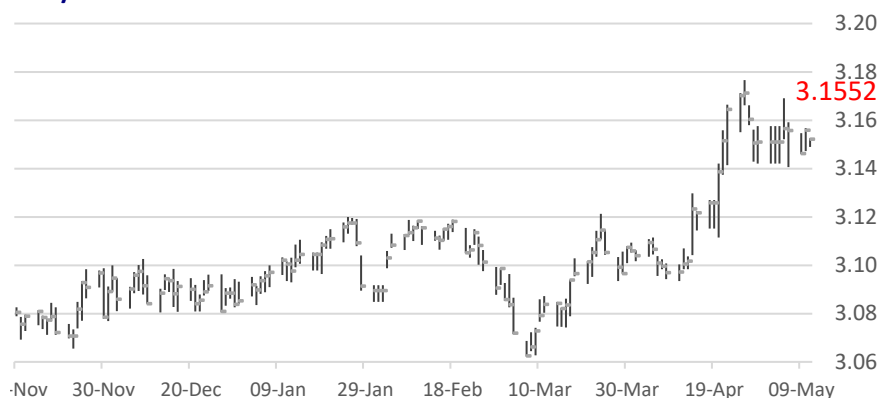
1-Month Outlook – MYR Neutral

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	4.3500	4.3750	4.3820	4.3900	4.4000

MYR Crosses

SGD/MYR



SGD/MYR Neutral

SGD/MYR opened 0.17% lower at 3.1497. We maintain our view that the cross is expected to continue trading on a neutral note amid cautious sentiment and ahead of today's BNM policy decision. 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	3.1552	3.1600	3.1640

GBP/MYR



GBP/MYR Neutral

GBP/MYR opened 0.25% lower at 5.3939. GBP/USD remains biased towards the downside after having erased Tuesday's early gains amid the strong USD environment. Nonetheless, the daily GBP/MYR outlook is neutral as the GBP market awaits potential catalysts from tomorrow's 1Q GDP data while MYR investors are sidelined by today's BNM OPR decision.

Ack

To	S2	S1	Indicative	R1	R2
GBP/MYR	5.3500	5.3740	5.4055	5.4320	5.4600

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.34% lower at 3.0384. We continue to expect the cross to anchor near 4.0500 amid the lack of catalysts as the aussie dollar managed a small recovery this morning and did not react much to China's CPI and PPI inflation data. Dollar strength and the slump in crude oil prices, coupled with the persistent worry over the Chinese growth outlook remained a bane on AUD outlook.

To	S2	S1	Indicative	R1	R2
AUD/MYR	3.0180	3.0300	3.0492	3.0644	3.0835

Source: Bloomberg, HLBB Global Markets Research

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my**DISCLAIMER**

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter.

Potential and actual conflict of interest may arise from the activities of HLB Group. HLB Group constitute a diversified financial services group. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and other activities for their own account or the account of others. In the ordinary course of their business, HLB Group may effect transactions for their own account or for the account of their customers and hold long or short positions in the financial instruments. HLB Group, in connection with its business activities, may possess or acquire material information about the financial instruments. Such activities and information may involve or have an effect on the financial instruments. HLB Group have no obligation to disclose such information about the financial instruments or their activities.

The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.