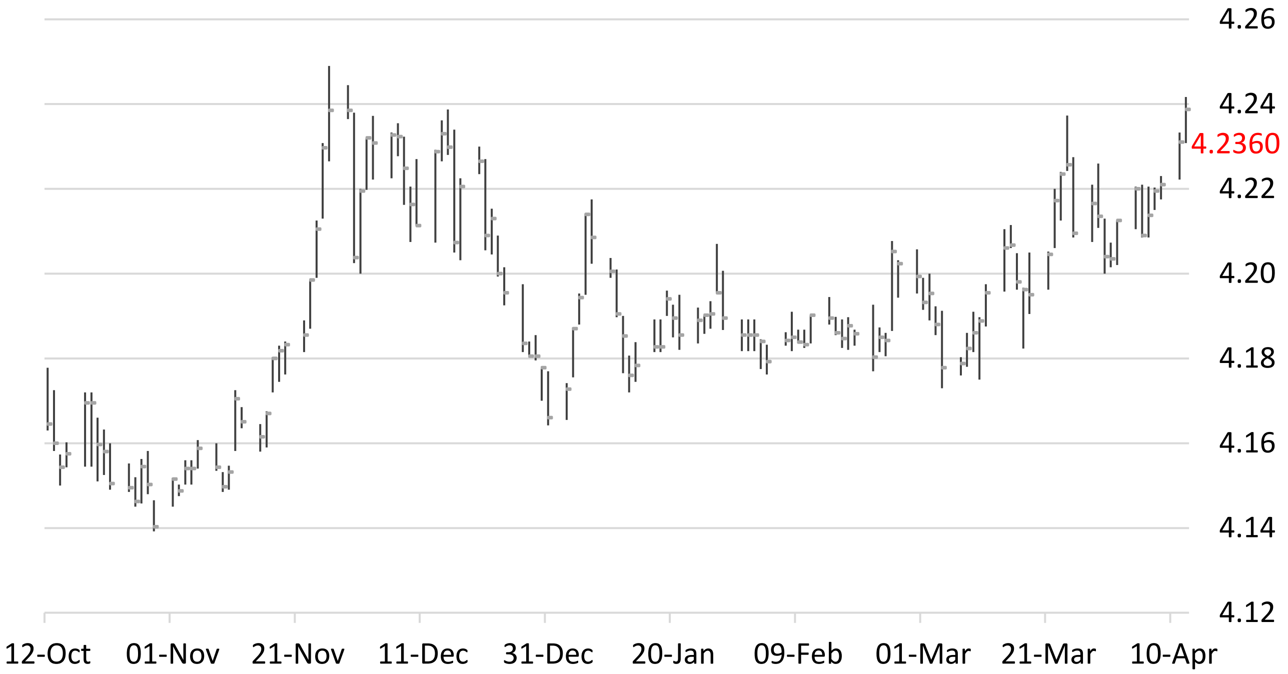
12 April 2022

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Bearish

USD/MYR opened unchanged at 4.2310 and went up as high as 4.2415 before retreating to 4.2360 as of writing. The knee-jerk reaction stemmed from the overnight USD strength that spilled over to the Asian morning session. The broad EM weakness and lower oil prices (below $100/barrel) are still expected to weigh on the MYR, but upsides may be capped at 4.2375 following the morning retreat.

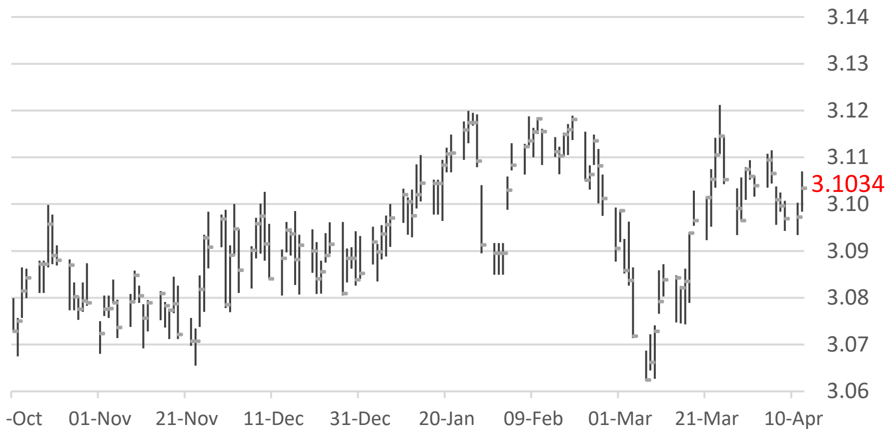
1-Month Outlook – MYR Neutral

We expect the MYR to be relatively resilient in the medium term, taking into account further economic recovery as the government reopens the Malaysian border on 1 April. Recent rally in global commodity prices coupled with the soon to be implemented 25% increase in minimum wage to RM1,500 effective 1-May 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 could potentially derail the recovery and policy normalization path.

	S2	S1	Indicative	R1	R2
USD/MYR	4.2075	4.2200	4.2360	4.2375	4.2450

MYR Crosses

SGD/MYR



SGD/MYR Slightly Bullish

SGD/MYR opened 0.02% higher at 3.0979 and is expected to trade above 3.1000 on the back of relatively weaker MYR in the strong greenback environment. The MAS' Thursday policy decision remains a major support for SGD stability for now. However, the market's eagerness for a hawkish MAS tightening and the resulting over-pricing may lead to a disappointment and potential down moves for SGD.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.0900	3.0915	3.1034	3.1050	3.1100

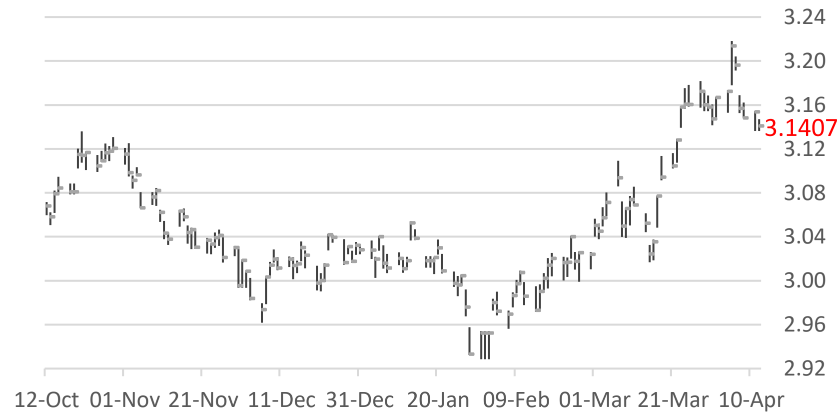
GBP/MYR

GBP/MYR Neutral

GBP/MYR opened 0.03% higher at 5.5100, in line with the steady GBP/USD overnight. We continue to expect GBP/MYR to stay supported above 5.5000. Focus shifts to the UK' job report today. We still see a suppressed sterling outlook for now, attributed to the dimmer UK growth expectations unless a major positive development on the Russia-Ukraine front spurs the rally in risk assets.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4750	5.5000	5.5157	5.5400	5.5875

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.5% lower at 3.1371, tracking the weaker AUD/USD overnight. We are neutral on the cross today as both AUD and MYR moved lower against the USD amid risk-off sentiments. Growth concerns surrounding China and the resulting retreat in oil prices may continue to weigh on the AUD in the short term.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.1000	3.1250	3.1407	3.1800	3.2000

Source: Bloomberg, HLBB Global Markets Research

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