

13 April 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 unchanged at 4.2320 and is seen hovering just below 4.2300 as of writing. The broad-based USD strength related to the surge in US CPI inflation may still dampen MYR and its EM counterparts but the rebound in oil prices may offer some support to the local unit, anchoring the pair at circa 4.2300.

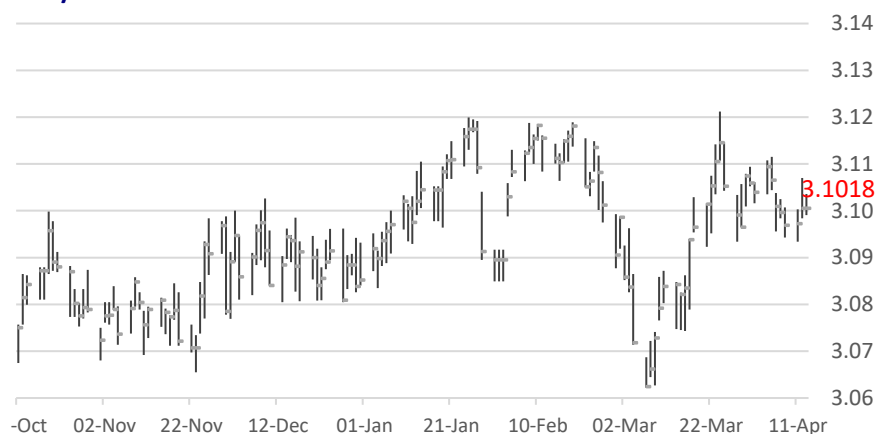
1-Month Outlook – MYR Neutral

We expect the MYR to be relatively resilient in the medium term, taking into account further economic recovery 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	4.2295	4.2420	4.2500

MYR Crosses

SGD/MYR



SGD/MYR Neutral

SGD/MYR opened 0.06% higher at 3.1026. The cross is expected to range trade within 3.1000-3.1050 ahead of tomorrow's MAS policy decision, rendering a neutral outlook 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	3.1018	3.1050	3.1100

GBP/MYR



GBP/MYR Neutral

GBP/MYR opened 0.01% higher at 5.5033. We continue to expect GBP/MYR to stay supported above 5.5000 ahead of today's UK CPI data. Tuesday-released job data showed some early signs of weakening hiring momentum. 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	5.5023	5.5400	5.5875

AUD/MYR



AUD/MYR Slightly bullish

AUD/MYR opened 0.31% higher at 3.1549, catching up with the stronger AUD/USD amid the 6% rebound in oil benchmarks. We are slightly bullish on the cross today as the Aussie dollar moves in tandem with the surge in kiwi dollar following the RBNZ's surprise 50bp OCR hike.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.1000	3.1250	3.1588	3.1800	3.2000

Source: Bloomberg, HLBB Global Markets Research

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