

13 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 0.14% lower at 4.3880 and has recently erased losses related to the unforeseen BNM rate hike. The overnight USD strength and general risk-off sentiment ahead of a long Malaysian weekend is likely pushing the pair towards the 4.4000 key level. The pair remains very much USD driven as the OPR hike did not have as significant an effect as predicted, although the anticipation for Malaysia’s first quarter GDP data today could possibly cap some gains in the pair.

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	4.3975	4.4000	4.4100

MYR Crosses

SGD/MYR



SGD/MYR Neutral

SGD/MYR opened 0.01% lower at 3.1466. No change to our view that SGD/MYR is expected to continue trading on a neutral note amid cautious sentiment and against a backdrop of bullish USD sentiment. Over the more medium term, the pair may remain in range-trading mode as BNM steps up its policy normalisation.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.1396	3.1412	3.1481	3.1550	3.1600

GBP/MYR



GBP/MYR Neutral to Slightly Bearish

GBP/MYR opened 0.24% higher at 5.3626. GBP struggles to find footing alongside the EUR amid the broad USD strength. Yesterday's GDP and monthly output readings emanated signals of an impending UK slowdown. Immediate support resides at 5.3500 amid the lack of direct drivers and the market remains driven by the strong USD sentiment. The UK will report top-tiered data such as the job report and retail sales next week.

To	S2	S1	Indicative	R1	R2
GBP/MYR	5.3300	5.3500	5.3625	5.4000	5.4350

AUD/MYR



AUD/MYR Neutral to Slightly Bearish

AUD/MYR opened 0.06% lower at 3.0180. AUD/USD gave up 0.6900 handle and slipped to 0.6880 as of writing as risk-off sentiment sends investors fleeing risk assets. Concurrently, the AUD/MYR cross slumped to circa 3.02s. A break below 3.0140 should move the next target to 3.0000 but some technical recovery following Thursday's slump offers a reprieve to the cross, likely stabilising at 3.02-3.03.

To	S2	S1	Indicative	R1	R2
AUD/MYR	3.0000	3.0140	3.0231	3.0500	3.0643

Source: Bloomberg, HLBB Global Markets Research

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