14 February 2022

Global Markets Research

Mid-day Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to Bearish

USD/MYR opened little changed at 4.1890 and is holding relatively steady above 4.1900, without the volatile movements experienced last Friday by major currencies. In the week ahead, we are neutral to bullish on USD/MYR, taking into account the recent geopolitical development, as the greenback may be supported by its safe-asset quality amid the potential military confrontation between Russia and Ukraine.

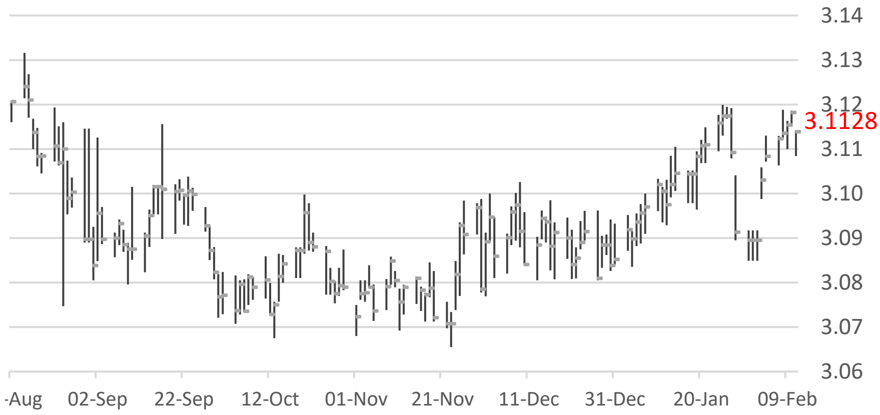
1-Month Outlook – MYR Neutral

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 stay firm supported by aggressive Fed rate hike expectations and likely outperformance of recovery in the US vis-à-vis other majors. That said, the emergence of the Omicron variant could potentially derail the recovery and policy normalization path.

	S2	S1	Indicative	R1	R2
USD/MYR	4.1760	4.1840	4.1910	4.1945	4.2000

MYR Crosses

SGD/MYR



SGD/MYR Neutral

SGD/MYR opened 0.2% lower at 3.1103 but inching higher to near 3.1130 as of writing. The recent failure to breach 3.1200 sent the pair down to more familiar levels of circa 3.1130 with immediate resistance now at 3.1150. RSI indicators suggest some retreat in bullish momentum, rendering the outlook neutral amid cautious global sentiment.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.1063	3.1100	3.1128	3.1150	3.1200

GBP/MYR

GBP/MYR Neutral to Slightly Bullish

GBP/MYR opened little changed at 5.6857. The UK 4Q GDP growth slightly missed estimates and was overshadowed by rising geopolitical risk last Friday. Some recovery in bullish GBP momentum pushes GBP/MYR higher above 5.6800, but upsides are capped at 5.7000 for now, awaiting news on Biden-Putin phone call.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.6548	5.6753	5.6830	5.7000	5.7150

AUD/MYR

AUD/MYR Neutral to Slightly Bearish

AUD/MYR opened 0.3% higher at 2.9937. AUD/USD was little changed at circa 0.7137. We are neutral to slightly bearish as the market monitors the outcomes of the Biden-Putin phone call as well as any related Russia-Ukraine headlines for fear of heavier risk-off flow. The RBA's rate trajectory may take a backseat for now.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9690	2.9800	2.9909	3.0100	3.0200

Source: Bloomberg, HLBB Global Markets Research

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