

14 April 2022

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened unchanged at 4.2315 and fell below 4.2300 to trade at circa 4.2250. The reversal in USD strength and the further rebound in oil prices offer support to MYR which was seen strengthening alongside its Asian counterparts. Nonetheless, cautious sentiment against a slew of mixed headlines means that the pair may remain anchored near 4.2300 in the near term.

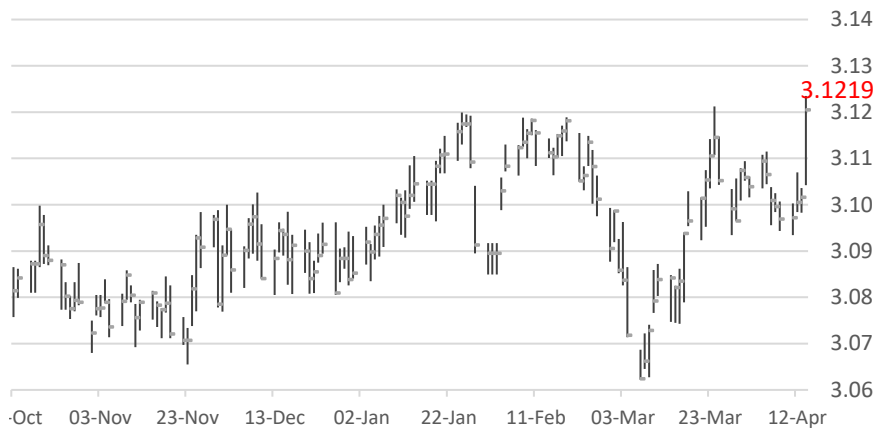
1-Month Outlook – MYR Neutral

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	4.2255	4.2415	4.2500

MYR Crosses

SGD/MYR



SGD/MYR Bullish

SGD/MYR opened 0.22% higher at 3.1080 and rallied further to 3.1172 as of writing. The cross shifted higher in tandem with the surge in SGD against the USD as the MAS delivered more aggressive policy tightening (re-center policy band & raise slope) and revised upwards its inflation forecast. This came alongside the release of a weaker 1Q22 GDP readings.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.0985	3.1100	3.1219	3.1250	3.1300

GBP/MYR

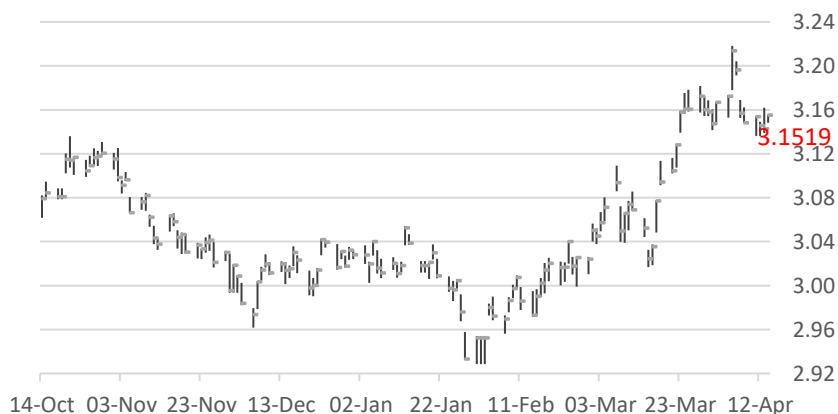


GBP/MYR Slightly Bullish

GBP/MYR opened 0.90% higher at 5.5517, tracking the rally in the sterling after UK CPI inflation hit record high. We are slightly bullish on the cross today as we foresee limited gains in GBP/MYR after the morning's sharply higher opening and the market have already priced in a 25bp hike by the BOE in the next MPC meeting on 5th May.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4750	5.5000	5.5506	5.5550	5.5900

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.34% higher at 3.1529 and is seen hovering near the opening level. We are neutral on the cross, expecting little movements for today's session as the market weighs the rebound in oil prices, the possibility of further Chinese policy easing against the disappointing Australian job report that weakens the prospect of an imminent RBA rate hike. Pressures for the RBA to hike rates have increased tremendously after its New Zealand counterpart raised OCR by 50bps yesterday.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.1000	3.1250	3.1519	3.1800	3.2000

Source: Bloomberg, HLBB Global Markets Research

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