15 February 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 4.1895. We are neutral to slightly bullish on the pair as we expect risk-off flow to continue weighing on Asia-ex Japan currencies against a backdrop of elevated geopolitical risks. The greenback is likely to be supported by its safe-asset quality but for now, sideways trading in USD/MYR may persist as investors monitor the Russia-Ukraine development.

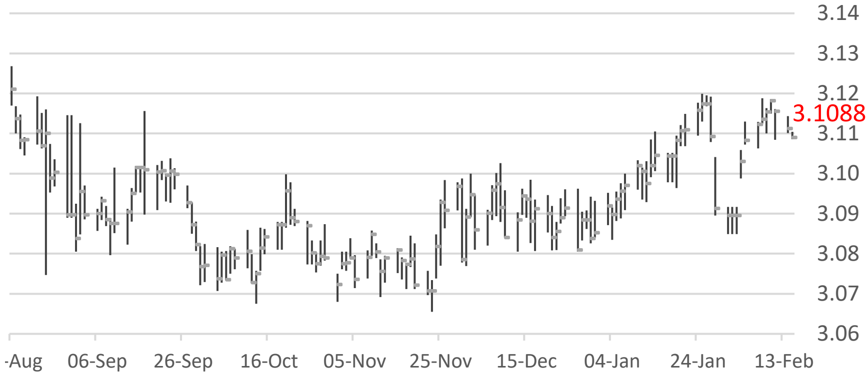
1-Month Outlook – MYR Neutral

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	4.1870	4.1945	4.2000

MYR Crosses

SGD/MYR



SGD/MYR Bearish

SGD/MYR opened little changed at 3.1107. Outlook is bearish today as SGD/MYR retreated from recent high and continues its downward trend to below 3.1100 against a backdrop of risk-off sentiment as well as a relatively resilient MYR.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.1063	3.1080	3.1088	3.1100	3.1150

GBP/MYR

GBP/MYR Neutral

GBP/MYR opened 0.2% higher at 5.6694. GBP/USD failed to attain recovery as mounting geopolitical risks continues to back safer currencies. We expect risk-off flows to weigh on the pair but downsides may be limited by today's UK employment data that will set the tone for BOE policy expectations this week.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.6522	5.6600	5.6695	5.6742	5.6880

AUD/MYR

AUD/MYR Neutral

AUD/MYR opened 0.5% higher at 2.9882. The AUD markets weigh the RBA minutes, China's unchanged MLF rate as well as the Russia-Ukraine related headlines. RBA said it is too early to conclude that inflation was sustainably within the target band, implying that a rate hike is still far off. We are neutral on the pair against a backdrop of mixed drivers.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9690	2.9800	2.9911	3.0100	3.0200

Source: Bloomberg, HLBB Global Markets Research

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