16 March 2022

Global Markets Research

Mid-day Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened 0.18% lower at 4.1990 after closing at 4.2065 yesterday. The pair had briefly hit 4.2115 yesterday but momentum was insufficient to hold up the price; this was in line with our view that the pair may fall back and stabilise near 4.2000 after breaching 4.2100. We maintain the view today, taking into account mixed market sentiment – higher Asian equities, falling oil prices and the pre-FOMC jittery.

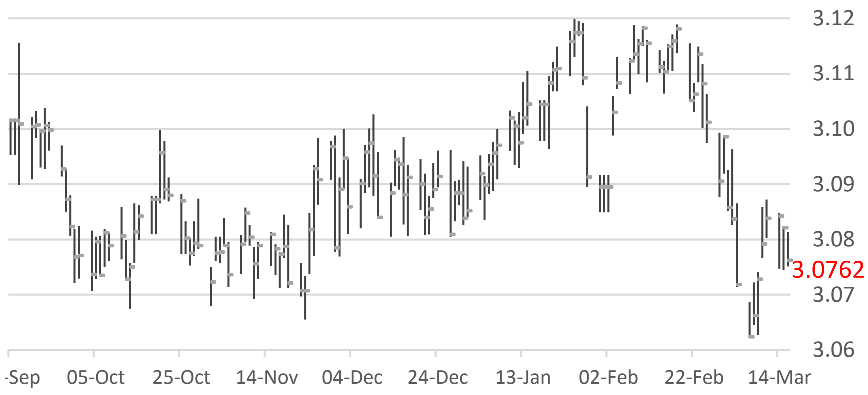
1-Month Outlook – MYR Neutral

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 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	4.1830	4.1960	4.2010	4.2100	4.2175

MYR Crosses

SGD/MYR



SGD/MYR Neutral

SGD/MYR opened little changed at 3.0812, and weakened to circa 3.0760 amid the MYR resurgence. After some down moves this morning, SGD/MYR is expected to stabilise below 3.0800 as traders of emerging market currencies turned cautious ahead of the FOMC decision.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.0677	3.0740	3.0762	3.0850	3.0900

GBP/MYR

GBP/MYR Neutral

GBP/MYR opened little changed at 5.4873. We continue to see sideways trading for GBP/MYR today, taking into account the recently stronger USD as well as the cautious sentiment ahead of the FOMC and BOE rate hikes. The UK job report has shown that the job market had weathered the Omicon outbreak well, pushing wages higher in January.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4500	5.4650	5.4791	5.4930	5.5300

AUD/MYR

AUD/MYR Neutral

AUD/MYR opened little changed at 3.0247 and fell back below 3.0200 amid the rebound in MYR. The localized lockdown in China remains a bane for the AUD market in the short term, as traders assess the economic impact of restricting the movements of over 40 million Chinese residents. Nonetheless, this is expected to take a backseat as the market shifts the focus to the FOMC meeting.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9900	3.0100	3.0199	3.0405	3.0518

Source: Bloomberg, HLBB Global Markets Research

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