

17 May 2022

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened 0.08% lower at 4.3950 and is expected to see a range-bound trend today amid the weaker greenback. The USD/MYR outlook remains bullish this week amid the expectations for a sustained USD strength and following the removal of event risks from BNM MPC and Malaysia 1Q GDP. Positive momentum indicator is still building up but the upside is likely capped at 4.42-4.43 for now with an expected range of 4.37-4.43 this week.

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 | 4.3950 | 4.4000 | 4.4100 |

MYR Crosses

SGD/MYR



SGD/MYR Bullish

SGD/MYR opened 0.27% higher at 3.1582. Outlook is bullish today as SGD rose alongside Asian shares amid an improvement in risk sentiment versus the muted movement in the MYR. 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 | 3.1450 | 3.1550 | 3.1607 | 3.1685 | 3.1800 |

GBP/MYR



GBP/MYR Neutral to Slightly Bullish

GBP/MYR opened 1.06% higher at 5.4219, responding to the overnight strength in the sterling as the dollar retreated while the BOE Governor Bailey assured investors that the central bank would not carry out quantitative tightening if markets are in turmoil. The temporary halt in the USD rally is expected to help support GBP/MYR at above 5.4000 as investors look towards today's UK job data for guidance on the UK economy and the BOE's next move.

| To | S2 | S1 | Indicative | R1 | R2 |
|---------|--------|--------|------------|--------|--------|
| GBP/MYR | 5.3700 | 5.4000 | 5.4173 | 5.4350 | 5.4500 |

AUD/MYR



AUD/MYR Bullish

AUD/MYR opened 1.50% higher at 3.0670, catching up with the stronger AUD amid a commodity currency resurgence and higher crude oil prices. AUD/MYR is also expected to be supported by the newly released RBA minutes which appeared to be hawkish as officials agreed that more rate hikes are required to return inflation back to its target levels.

| To | S2 | S1 | Indicative | R1 | R2 |
|---------|--------|--------|------------|--------|--------|
| AUD/MYR | 3.0170 | 3.0500 | 3.0738 | 3.0857 | 3.1000 |

Source: Bloomberg, HLBB Global Markets Research

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