18 February 2022

Global Markets Research

Mid-day Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to Slighly Bearish

USD/MYR opened little changed at 4.1845. The MYR remained resilient despite the global risk aversion. The risk-off flow driven by geopolitical uncertainties as well as pre-weekend caution may still support the USD today, rendering a breach of 4.1900 possible, although the pair may still be capped within a tight range by the continuously cautious market sentiment.

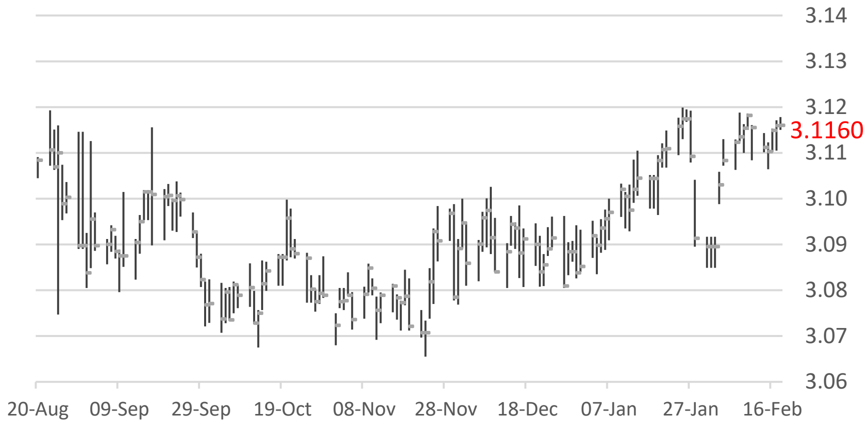
1-Month Outlook – MYR Neutral

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	4.1800	4.1860	4.1950	4.2000

MYR Crosses

SGD/MYR



SGD/MYR Neutral to Slightly Bullish

SGD/MYR opened little changed at 3.1174 and ticked slightly lower to 3.1160. We maintain the neutral to slightly bullish view on SGD/MYR after the pair breached 3.1150, expecting continuous support from the recently upbeat GDP reading but investors are likely sidelined by the presentation of Budget 2022 today where focus is on the GST rate hike.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.1080	3.1125	3.1160	3.1200	3.1230

GBP/MYR

GBP/MYR Neutral to Slightly Bullish

GBP/MYR opened 0.2% higher at 5.7017, catching up with the higher sterling overnight as the BOE rate hike expectations outweighed geopolitical risks. After breaching 5.6900, GBP/MYR's shifts the next target to 5.7020, although lingering uncertainties surrounding Russia-West tensions as well as today's UK retail sales data may keep the pair within a tight range.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.6753	5.6800	5.6950	5.7020	5.7230

AUD/MYR

AUD/MYR Neutral to Slightly Bearish

AUD/MYR opened 0.1% lower at 3.0100, in line with the slump in aussie dollar overnight. For now, we anticipate the lack of major headlines to keep the pair steady above 3.0000. However, support of 3.0000 may be breached if the geopolitical uncertainties continued to plague the market with cautious sentiment kicking in ahead of the weekend.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9870	3.0000	3.0050	3.0150	3.0330

Source: Bloomberg, HLBB Global Markets Research

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