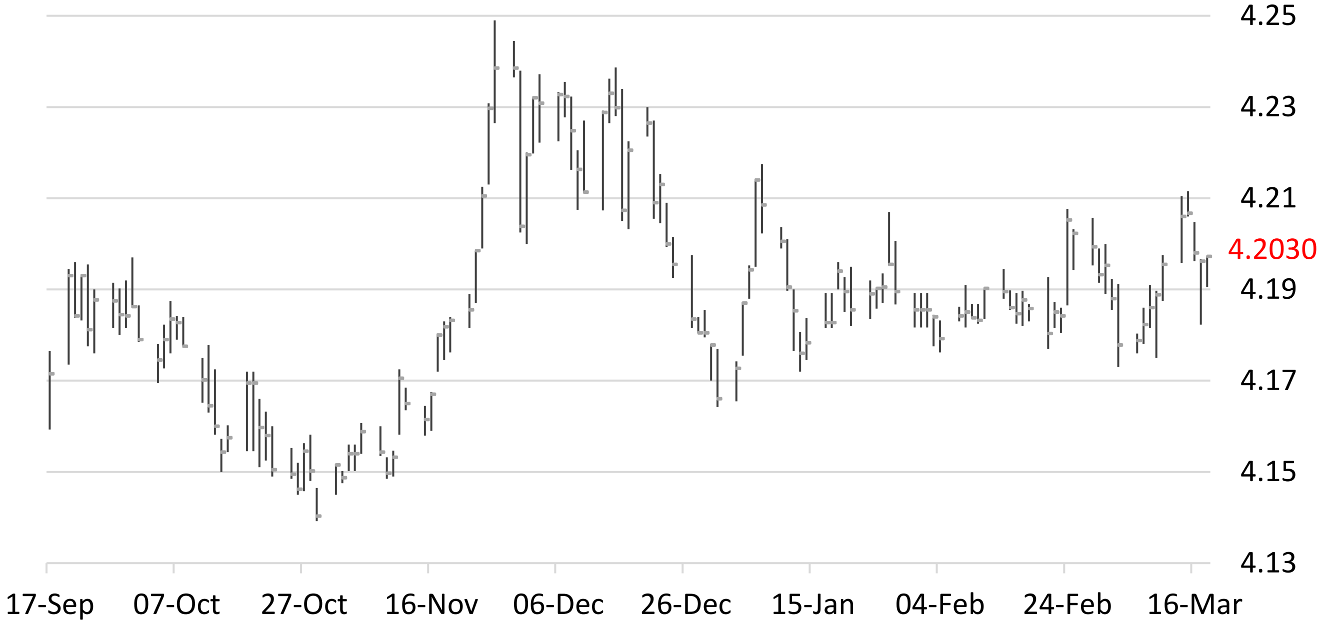
18 March 2022

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Bearish

USD/MYR opened 0.09% lower at 4.1925 but managed to strengthen to near 4.2000 . MYR remains bearish today despite the rebound in oil prices back above $100/barrel as pre-weekend anxiety weighs on the local unit. The market also reassesses the impact of the recent Fed rate hike and its hawkish policy signals relative to the neutral BNM stance. USD/MYR has broken 4.2000 and is seen targeting 4.2100 now before facing the next resistance of 4.2150.

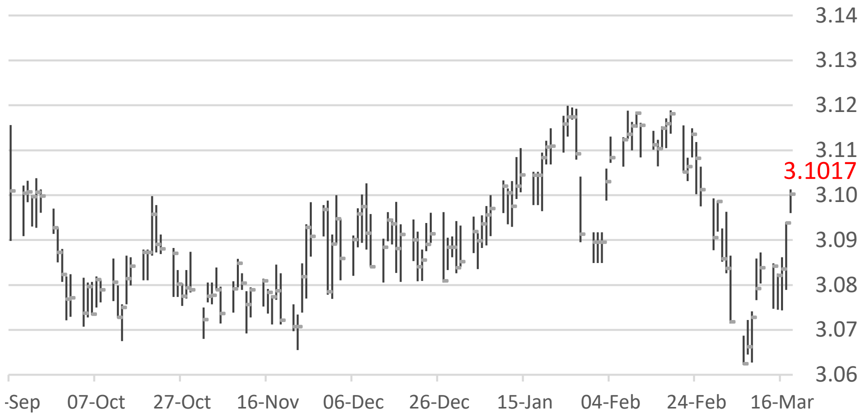
1-Month Outlook – MYR Neutral

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	4.1900	4.2030	4.2100	4.2150

MYR Crosses

SGD/MYR



SGD/MYR Bullish

SGD/MYR opened 0.22% higher at 3.1007 as the SGD is boosted by the broad USD weakness but the MYR is taking a beating. SGD/MYR's return to 3.1000 levels unravelled the recent losses brought about by the Russia-Ukraine war and the cross is expected to trade higher above 3.1000 in the short-term as investors monitor war related headlines.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.0861	3.0948	3.1017	3.1025	3.1080

GBP/MYR

GBP/MYR Slightly Bullish

GBP/MYR opened 0.11% lower at 5.5219 after the GBP/USD erased BOE-related gains in the prior session. The cross managed to advance to 5.5300 on weakening MYR but the upsides might be capped by what the market interpreted as a dovish rate hike by the BOE. GBP/MYR is expected to trade within 5.5170-5.5440 ahead of the weekend.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4650	5.5000	5.5302	5.5440	5.5650

AUD/MYR

AUD/MYR Slightly Bullish

AUD/MYR opened 0.65% higher at 3.0970, catching up with the over-1% jump in AUD/USD following the resurgence of oil prices. We are slightly bullish on AUD/MYR believing that upsides are limited as the AUD/USD consolidates recent gains and awaits outcomes of the Xi-Biden talks.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0581	3.0775	3.0993	3.1095	3.1250

Source: Bloomberg, HLBB Global Markets Research

Hong Leong Bank Berhad
Fixed Income & Economic Research, Global Markets
Level 8, Hong Leong Tower
6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel: 603-2081 1221
Fax: 603-2081 8936
Email: HLMarkets@hlbb.hongleong.com.my