

18 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 4.3870 but recovered back above 4.3900. This came as most currencies saw a corrective pullback from the recent appreciation against the USD. The USD/MYR outlook remains bullish this week amid the expectations for a sustained USD strength as Fed Chair Powell reaffirmed the central bank’s commitment to hike rates to tackle inflation. 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	4.3905	4.4000	4.4100

MYR Crosses

SGD/MYR



SGD/MYR Neutral

SGD/MYR opened 0.15% higher at 3.1710, in response to the recently stronger SGD. Nonetheless, the rally is short-lived and the cross is expected to trend below 3.1700 for now amid the recovery in USD sentiment as the market digests Powell's hawkish remarks. 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	3.1600	3.1679	3.1750	3.1800

GBP/MYR



GBP/MYR Neutral to Slightly Bullish

GBP/MYR opened 0.13% higher at 5.4827 as the sterling topped the G10 basket in the overnight session amid USD selling and partly thanks to the stronger than expected UK job indicators. GBP/MYR is expected to continue trading higher today eyeing a recovery back to 5.49-5.50 but upsides may be capped by anticipation for the UK CPI data due later today.

To	S2	S1	Indicative	R1	R2
GBP/MYR	5.4200	5.4500	5.4832	5.5000	5.5250

AUD/MYR



AUD/MYR Neutral to Slightly Bearish

AUD/MYR opened 0.04% lower at 3.0869 and slipped further to the edge of 3.0800 following the weaker than expected Australia's wage growth. This should quell some hawkish RBA expectations in the short term while the concurrent pause in USD selling should weigh on the AUD today.

To	S2	S1	Indicative	R1	R2
AUD/MYR	3.0500	3.0630	3.0806	3.1000	3.1160

Source: Bloomberg, HLBB Global Markets Research

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