

19 January 2022

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to Bearish

USD/MYR opened 0.2% higher at 4.1925 following a broad USD strength overnight. We are neutral to bullish on USD/MYR today, amid overall risk-off sentiments in the wake of spillover from overnight selloffs in US equities and bonds. Asian equities were seen dwelling in the red this morning at time of writing. Anxiety ahead of BNM MPC announcement tomorrow will also likely keep investors at bay. We expect BNM to keep OPR unchanged at the current level and continue to strike a neutral tone. Maintain our weekly USD/MYR range of 4.16-4.21 for now.

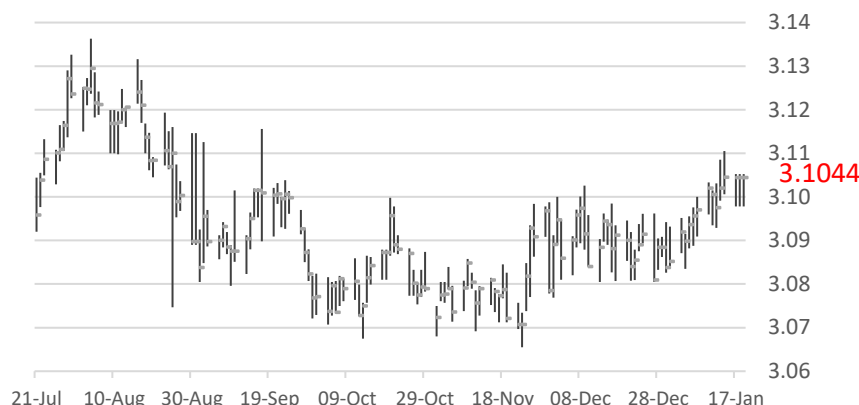
1-Month Outlook – MYR Neutral

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	4.1700	4.1740	4.1925	4.1965	4.2000

MYR Crosses

SGD/MYR



SGD/MYR Neutral

SGD/MYR opened 0.25% lower at 3.0968 but again, managed to climb back up above 3.1000 as of writing. We maintain a neutral view on SGD/MYR today expecting both the MYR and SGD to succumb to weak market sentiments. Immediate support lies at 3.0973 and resistance at 3.1074. The pair will likely be driven by global sentiments and the MYR (BNM MPC) in the absence of any Singapore releases and events.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.0925	3.0973	3.1044	3.1074	3.1178

GBP/MYR



GBP/MYR Bearish

GBP/MYR opened 0.6% sharply lower at 5.6885 as the sterling fell 0.4% overnight to below the 1.36 handle again. We are bearish on GBP/MYR taking cue from the much lower opening but UK CPI could potentially be the swing factor for GBP/USD and GBP/MYR going into European and US trading sessions. Any upside surprises will likely reinforce BOE rate hike expectations and be GBP positive.

To	S2	S1	Indicative	R1	R2
GBP/MYR	5.6806	5.6924	5.7000	5.7218	5.7373

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.4% lower at 3.0063 but has since notched back up above 3.01 at time of writing. AUD/USD has broken below the 0.72 big figure yesterday after the sharp USD gain amid looming expectations of more aggressive Fed rate hike. We are neutral on AUD/MYR as risk-off in the markets is expected to suppress both the AUD and MYR.

To	S2	S1	Indicative	R1	R2
AUD/MYR	3.0000	3.0033	3.0133	3.0166	3.0217

Source: Bloomberg, HLBB Global Markets Research

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damansara

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my**DISCLAIMER**

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