

19 May 2022

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Bearish

USD/MYR opened 0.05% lower at 4.3950 and is seen trading at above 4.40 as of writing, its highest level since March 2020 during the initial shock of the global pandemic. The breach above the key 4.4000 level reinforces the move towards 4.4200 with upsides may be capped by 4.4300 given the oversold MYR. This is generally in line with our weekly view that the USD/MYR outlook remains bullish this week with a possible range of 4.37-4.43 amid the expectations for a sustained USD strength especially after Fed Chair Powell reaffirmed the central bank’s commitment to hike rates to tackle inflation.

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. Firmer growth outlook has resulted in a 25bps increase in the OPR by BNM at the May MPC meeting and we expect another 50bps increase for the remainder of this year. 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	4.3700	4.3850	4.4045	4.4100	4.4200

MYR Crosses

SGD/MYR



SGD/MYR Neutral

SGD/MYR opened 0.30% lower at 3.1599 but recovered to 3.1700 as SGD appeared relatively resilient versus MYR in the face of a strong dollar. Expect upsides to be capped at 3.1750 as USD strength pressured both SGD and MYR amid a sharp loss in risk appetites. We maintain the view that over the 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	3.1709	3.1750	3.1800

GBP/MYR



GBP/MYR Neutral to Slightly Bearish

GBP/MYR opened 0.21% lower at 5.4289 as the sterling slumped alongside other major currencies against the USD amid a flight to safe havens while the UK CPI rose less than expected. GBP/MYR is seen at circa 5.4400 currently, reversing the gains from recent rally. Fundamental wise, GBP is facing limited upside as the UK inflation is showing signs of peaking and the narrative of sharp slowdown is gathering speed.

To	S2	S1	Indicative	R1	R2
GBP/MYR	5.4000	5.4189	5.4392	5.4500	5.4818

AUD/MYR



AUD/MYR Neutral to Slightly Bearish

AUD/MYR opened 0.88% lower at 3.0612, in reaction to the selloff in AUD and other commodity currencies overnight. Poor risk appetites are expected to remain a bane on AUD today while at the same time, the weaker than expected 1Q22 wage growth coupled with the lower job gains in April may continue to tame hawkish RBA expectations in the short term.

To	S2	S1	Indicative	R1	R2
AUD/MYR	3.0350	3.0600	3.0694	3.1000	3.1160

Source: Bloomberg, HLBB Global Markets Research

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

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

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