

20 May 2022

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened 0.19% lower at 4.3960, shifting lower in response to the broad USD selloff overnight. The renewed USD weakness may offer a temporary respite for the battered MYR but cautious sentiment ahead of the weekend likely keeps the pair within recent range of 4.3900-4.4100. Upsides remained capped at 4.4300 amid the oversold MYR condition.

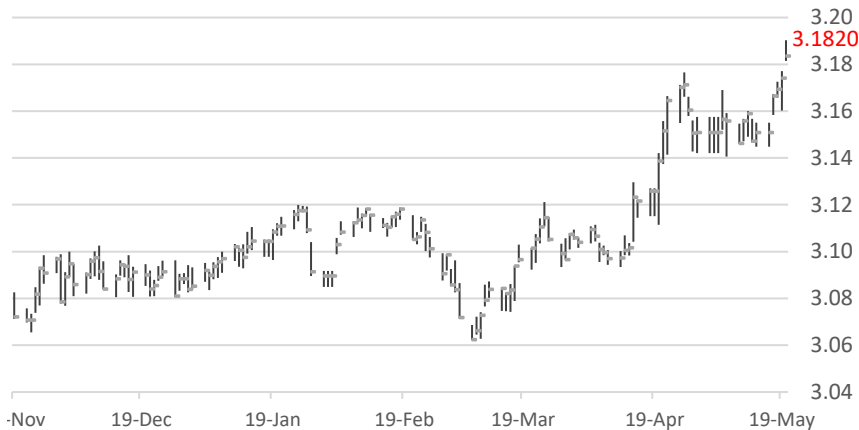
1-Month Outlook – MYR Neutral

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	4.3960	4.4100	4.4200

MYR Crosses

SGD/MYR



SGD/MYR Slightly Bullish

SGD/MYR opened 0.50% higher at 3.1897 but reversed to circa 3.1840 as the market stabilised. SGD continues to fare better compared to the MYR in face of either USD strength or weakness, reflecting the stronger fundamentals of Singapore's economy. In the medium term, some reversal is still expected with the cross likely range-trading as BNM steps up its policy normalisation. Singapore reports its GDP reading next week.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.1481	3.1650	3.1820	3.1900	3.2000

GBP/MYR

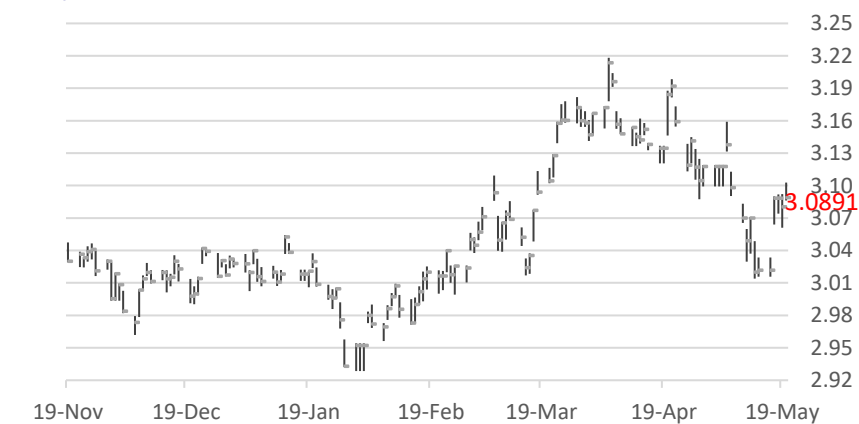


GBP/MYR Neutral to Slightly Bullish

GBP/MYR opened 0.56% higher at 5.4893 after GBP/USD rebounded by over 1% overnight. 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. Upsides are capped at 5.5000 as the market assesses and compares the developed markets' outlook.

To	S2	S1	Indicative	R1	R2
GBP/MYR	5.4190	5.4500	5.4729	5.5000	5.5500

AUD/MYR



AUD/MYR Neutral to Slightly Bullish

AUD/MYR opened 0.68% higher at 3.1014, as the selloff in USD pushed commodity currencies higher overnight. AUD/MYR is expected to reattempt 3.1000 amid a temporary halt in bullish USD sentiment but the effort may be futile as traders turn cautious. The PBOC cut the 5Y LPR rate to 4.45%, leaving the 1Y rate unchanged but nonetheless signalling softer China's growth outlook.

To	S2	S1	Indicative	R1	R2
AUD/MYR	3.0582	3.0800	3.0891	3.1000	3.1100

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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