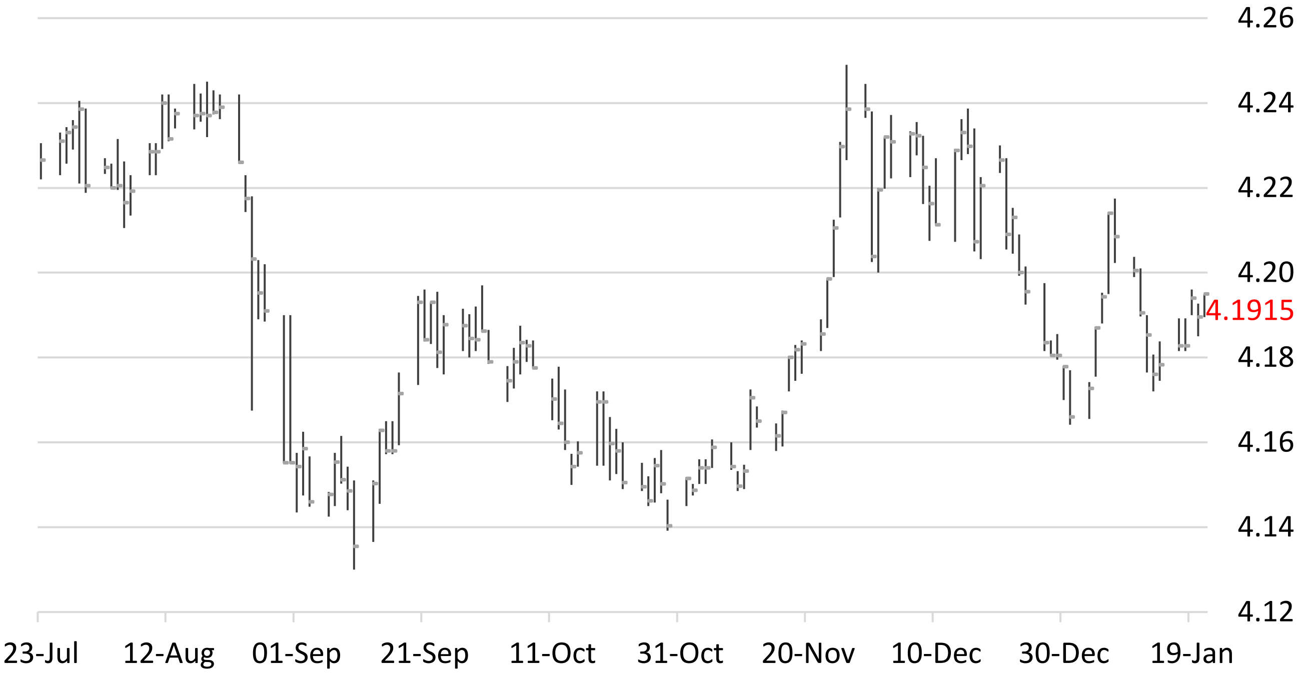
21 January 2022

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened unchanged at 4.1895, inching up to 4.1950 in response to the stronger USD overnight before retreating to 4.1915. BNM kept its OPR unchanged at 1.75% as expected and maintained its neutral policy tone, in line with our expectation. Cautious market sentiment at the end of a trading week is expected to keep USD/MYR near its recent levels amid the absence of a major market driver. Malaysia's CPI data due today is not expected to drive the market.

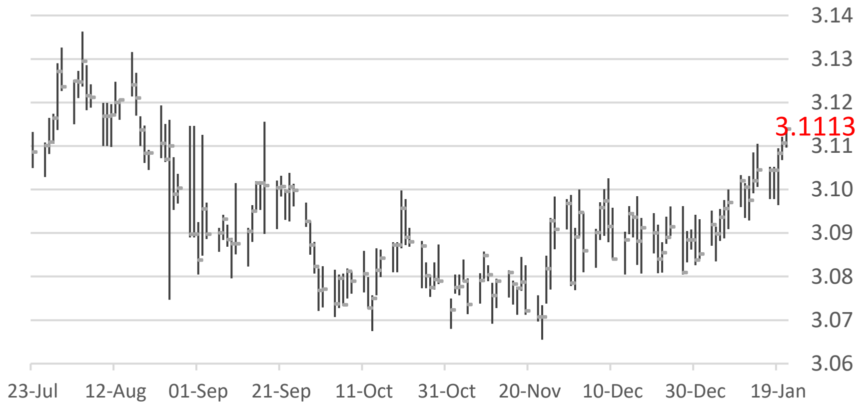
1-Month Outlook – MYR Neutral

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	4.1800	4.1850	4.1915	4.1950	4.2000

MYR Crosses

SGD/MYR



SGD/MYR Neutral

SGD/MYR opened little changed at 3.1102, and stays near recent levels. We are neutral on SGD/MYR, believing that the upside is capped at 3.1150, an immediate resistance. Cautious sentiment prevails in the market ahead of the weekend as focus now shifts to the FOMC meeting next week.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.1023	3.1050	3.1113	3.1150	3.1200

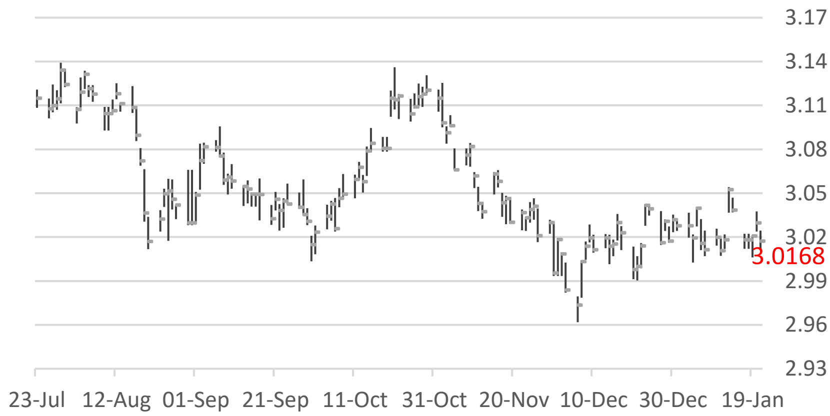
GBP/MYR

GBP/MYR Neutral

GBP/MYR opened 0.2% lower at 5.6965, as the pair adjusted according to the weaker sterling overnight. We are neutral on GBP/MYR as the stronger dollar is expected to keep the GBP/USD below 1.3600 while the MYR was pressured mildly this morning. Expectations for the BOE to hike rate in early February may support the pair in the short to medium term, with support lying at 5.6825.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.6700	5.6825	5.6973	5.7154	5.7306

AUD/MYR



AUD/MYR Neutral to Bearish

AUD/MYR opened 0.2% lower at 3.0234 as AUD strength faded into Friday's session. AUD/USD plunged below 0.7200, down sharply by 0.5% as the USD sentiment gathers momentum. The PBOC's looser policy that confirms weaker China's growth also adds to the wound.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0000	3.0138	3.0168	3.0283	3.0447

Source: Bloomberg, HLBB Global Markets Research

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