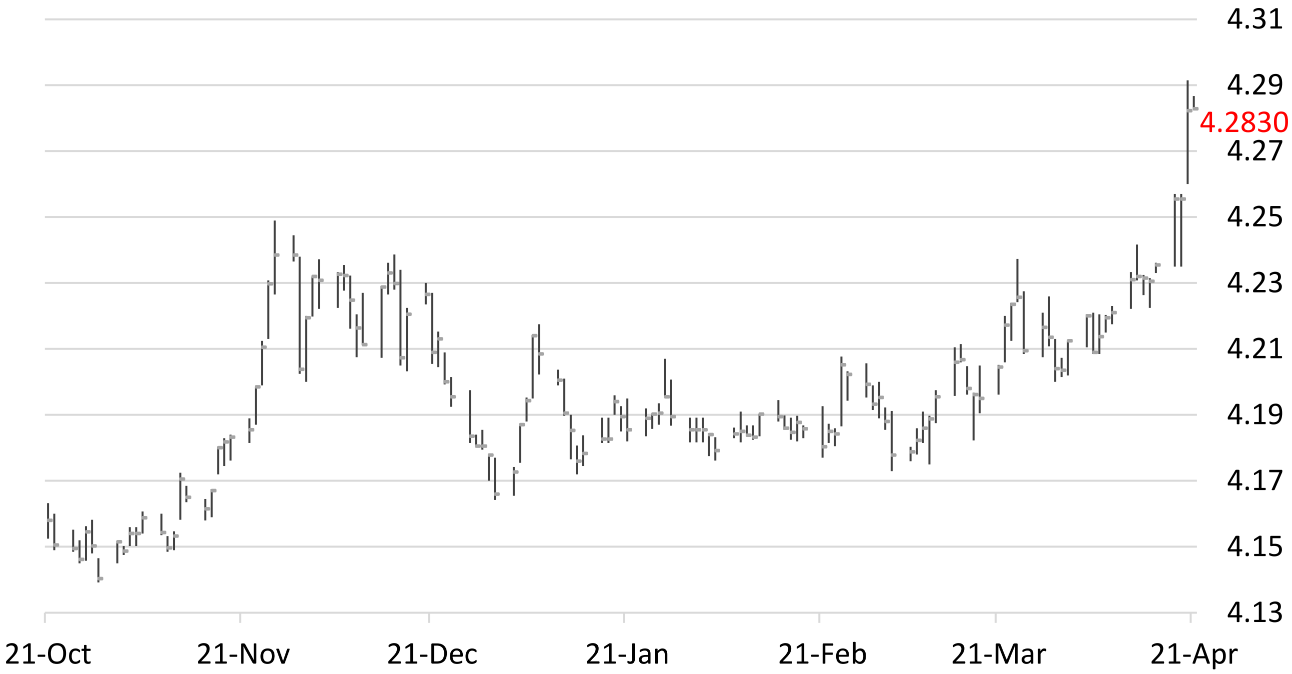
21 April 2022

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to Bearish

USD/MYR opened 0.04% higher at 4.2840, stabilising from the previous session's closing of 4.2825. The pair hit its strongest level since July 2020, making MYR the top Asian loser amid the recent USD strength. After a brief selling of the dollar overnight, bullish USD sentiment coupled with risk-off market mood are still expected to support the pair at 4.27-4.29. The risk of hitting 4.3000 remains after the pair briefly hit 4.2900 yesterday.

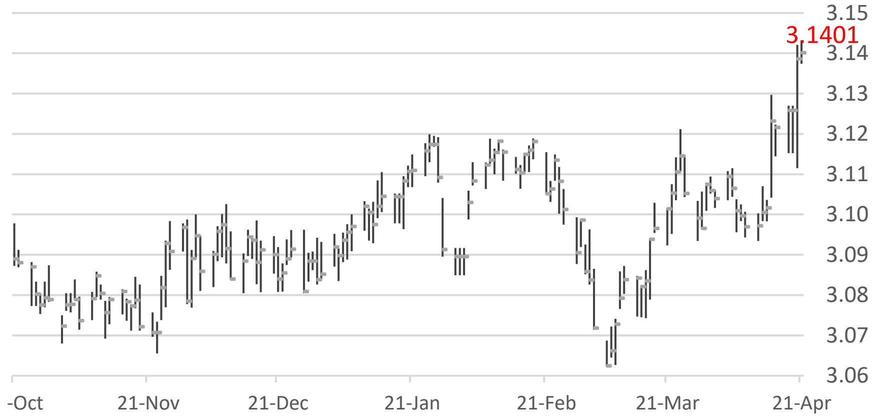
1-Month Outlook – MYR Neutral

We expect the MYR to be relatively resilient in the medium term, taking into account further economic recovery as the government reopens the Malaysian border on 1 April. Recent rally in global commodity prices coupled with the soon to be implemented 25% increase in minimum wage to RM1,500 effective 1-May should provide an added impetus. This also takes into account our view that the broader USD is also expected to stay firm supported by haven demand, Fed rate hike expectations and likely outperformance of recovery in the US vis-à-vis other majors. That said, the Russia-Ukraine crisis could potentially derail the recovery and policy normalization path.

	S2	S1	Indicative	R1	R2
USD/MYR	4.2600	4.2700	4.2830	4.2900	4.3000

MYR Crosses

SGD/MYR

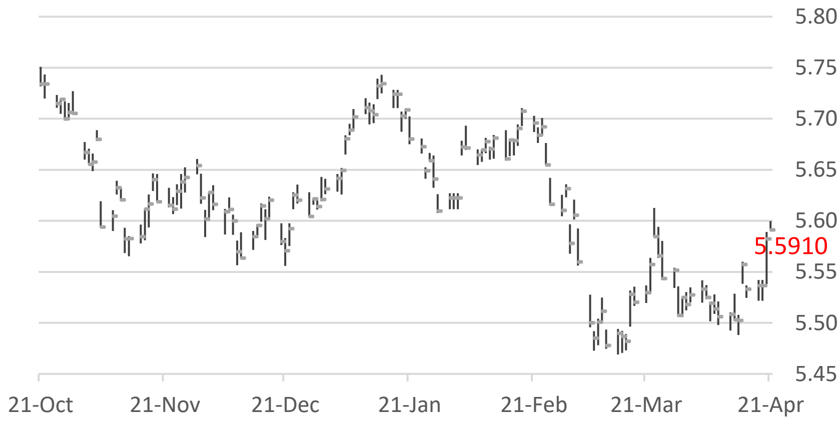


SGD/MYR Neutral

SGD/MYR opened 0.01% higher at 3.1396 and is seen trading above 3.1400. The cross is likely staying at 3.1300-3.1400 today, amid strong USD sentiment and a lack of a new major driver. In the short term, MYR remains biased towards the downside relative to SGD amid oil price volatility and Malaysia's policy divergence with the US.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.1200	3.1300	3.1401	3.1450	3.1500

GBP/MYR

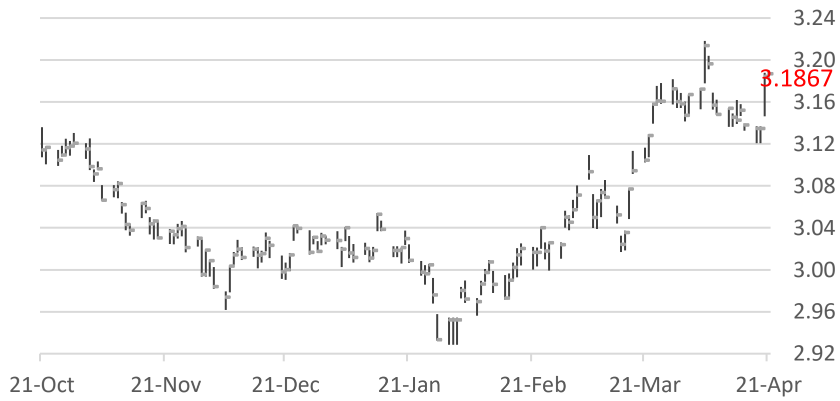


GBP/MYR Neutral

GBP/MYR opened 0.25% higher at 5.5963, catching up with the stronger sterling overnight. The cross is expected to hover at circa 5.5900 for now, amid a lack of a new major driver, save for the bullish USD expectations. We continue to foresee limited gains in GBP/MYR relative to the other crosses on the UK's dimmer growth outlook given that the market has already priced in a 25bp rate hike by the BOE in the next MPC meeting on 5th May.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.5500	5.5650	5.5910	5.6060	5.6200

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.12% higher at 3.1880, a relatively modest gain despite the 1% jump in the aussie dollar overnight. We are neutral on the cross today as AUD/USD failed to sustain strength at 0.7450 amid USD resurgence and alongside kiwi weakness. New Zealand's lower-than-expected CPI rate took some pressure off the RBNZ and hence the RBA to hike rates at a faster pace.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.1300	3.1650	3.1867	3.2000	3.2150

Source: Bloomberg, HLBB Global Markets Research

Hong Leong Bank Berhad
Fixed Income & Economic Research, Global Markets
Level 8, Hong Leong Tower
6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel: 603-2081 1221
Fax: 603-2081 8936
Email: HLMarkets@hlbb.hongleong.com.my