

22 February 2022

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened little changed at 4.1815. We are neutral to bullish on USD/MYR this week, eyeing a range of 4.17-4.20, taking into account the potential escalation of Russia-Ukraine confrontation this week that may weigh on emerging market currencies. On a daily basis, we are still neutral on the pair, expecting it to stay within 4.1800-4.1950 given the lack of firmer development surrounding the potential confrontation that may spill over to 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	4.1760	4.1800	4.1855	4.1950	4.2000

MYR Crosses

SGD/MYR



SGD/MYR Neutral

SGD/MYR opened little changed at 3.1028. The pair retreated as low as 3.1030 before recovering to circa 3.1070 as of writing. We maintain a neutral outlook on SGD/MYR as USD/SGD remained relatively steady at circa 1.3475, awaiting any development on the Russia-Ukraine front.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.1000	3.1050	3.1072	3.1150	3.1200

GBP/MYR



GBP/MYR Neutral to Slightly Bearish

GBP/MYR opened 0.2% lower at 5.6831. The sterling managed to hold up despite the flight to safety overnight. Nonetheless, the sterling remains exposed to the risk of the mounting geopolitical tensions after Russia's recent moves to send troops to two breakaway Ukrainian regions, rendering the outlook for GBP/MYR neutral to slightly negative.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.6753	5.6800	5.6863	5.7020	5.7230

AUD/MYR



AUD/MYR Neutral to Slightly Bearish

AUD/MYR opened 0.4% lower at 3.0033, in line with the weaker AUD overnight. Geopolitical development remains the main driver for now but the anticipation for tomorrow's RBNZ rate hike may also keep AUD demand at bay. As mentioned before, support of 3.0000 may be breached if the geopolitical uncertainties heighten this week.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9870	3.0000	3.0104	3.0150	3.0330

Source: Bloomberg, HLBB Global Markets Research

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