22 March 2022

Global Markets Research

Mid-day Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Bearish

USD/MYR opened 0.04% higher at 4.2060 and shifted higher to above 4.2100 on the back of broad-based USD strength. The pair may attempt to breach 4.2175 next resistance level as USD strength prevails in the market amid hawkish Fedspeak and deepening Russia-Ukraine crisis that may compel the EU to ban Russian oil. A failure to break the 4.2150 level may otherwise keep the pair subdued within 4.1950-4.2150. We maintain our weekly range of 4.17-4.22 for now amid support from a still-firm USD. Locally, the Malaysia CPI data is due on the coming Friday.

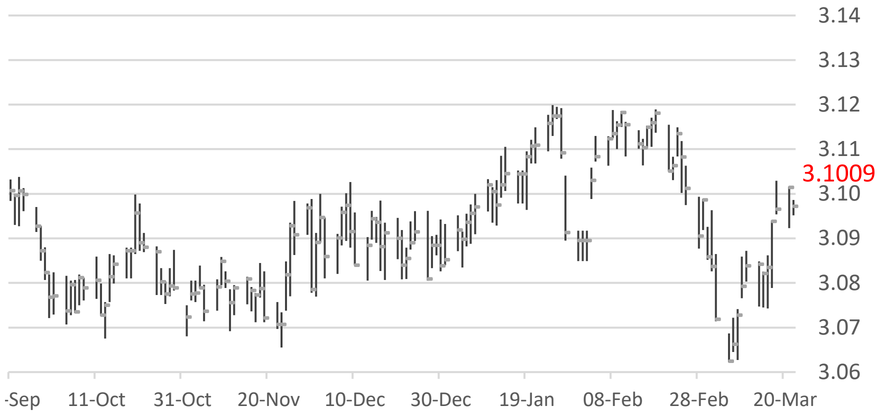
1-Month Outlook – MYR Neutral

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	4.1920	4.2000	4.2135	4.2175	4.2250

MYR Crosses

SGD/MYR



SGD/MYR Neutral

SGD/MYR opened 0.21% lower at 3.0950 on the heels of stronger USD overnight as the market was roiled by hawkish Powell remarks and a general loss in positive sentiments. Nonetheless, the cross managed to recover back above 3.1000 level as the MYR weakened. We expect upsides of SGD/MYR to be capped at 3.1030 as the cautious market sentiment dominates today's session.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.0886	3.0932	3.1009	3.1030	3.1080

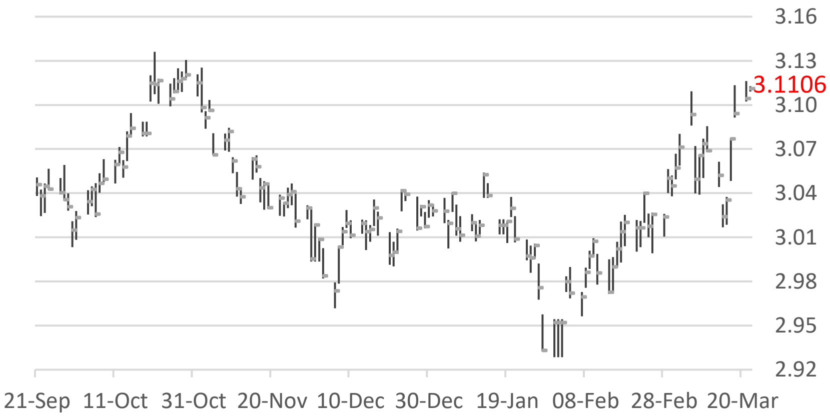
GBP/MYR

GBP/MYR Neutral

GBP/MYR opened 0.13% higher at 5.5369 as the GBP stayed relatively resilient against the stronger USD overnight. We remain neutral on GBP/MYR today, as the cautious sentiment should still keep the cross range-bound within 5.5200-5.5400. Investors are eyeing the Russia-Ukraine development and tomorrow's UK CPI data.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4650	5.5016	5.5336	5.5440	5.5650

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.17% higher at 3.1094. AUD/USD is likely to suffer some setback from the plunge in Australia's consumer sentiment data and global risk aversion, trading below 0.7400 as of writing. The concurrent weakness in MYR may leave the cross range-bound within 3.1050-3.1170. Governor Lowe's speech is in the spotlight now and any hawkish remarks may pose an upside risk to this view.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0857	3.1000	3.1106	3.1220	3.1360

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