23 February 2022

Global Markets Research

Mid-day Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened 0.11% lower at 4.1805 this morning although escalating tension between Russia and the West continued to keep markets in jittery mode. We maintain a neutral view on the pair, holding within the 4.18-4.19 big figures for now as markets continue to monitor the development surrounding the potential confrontation that may spill over to the market.

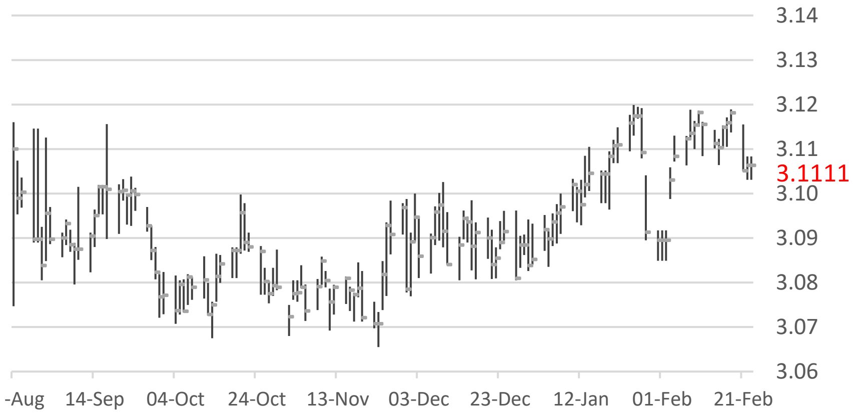
1-Month Outlook – MYR Neutral

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	4.1830	4.1950	4.2000

MYR Crosses

SGD/MYR



SGD/MYR Neutral to Bullish

SGD/MYR opened 0.13% higher at 3.1104 and was seen hovering above the 3.11 handle at time of writing. Daily outlook on SGD/MYR is neutral with a bullish tilt amid a bearish bias in USD/SGD. Singapore CPI is due at noon today and any upside surprises will reinforce expectations of further tightening move by MAS, positive for the SGD.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.1000	3.1050	3.1111	3.1150	3.1200

GBP/MYR

GBP/MYR Neutral to Slightly Bearish

GBP/MYR opened 0.05% higher at 5.6868. The sterling underperformed against its peers overnight as BOE Deputy Governor's comment on modest tightening spurred expectations of a more refrained BOE vs the Fed. We remain neutral on the pair today amid mounting geopolitical tensions but prospects of a more stable MYR vis-à-vis GBP could tilt the pair slightly to the downside. Key support lies at 5.65 for GBP/MYR while the sterling will likely be supported at 1.35.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.6650	5.6719	5.6894	5.6969	5.7055

AUD/MYR

AUD/MYR Neutral

AUD/MYR opened 0.26% higher at 3.0243, taking cue from the stronger AUD overnight. The Aussie has had little recation to both the hawkish RBNZ hike (hinting at further hikes to 3.25% by end-2023) and modest pick-up in wage price index this morning which supports the case for an RBA pause. AUD/MYR is likely to attempt 3.03-3.04 if geopolitical uncertainties continue to swirl.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9951	3.0044	3.0252	3.0330	3.0400

Source: Bloomberg, HLBB Global Markets Research

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