

23 May 2022

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened 0.07% lower at 4.3860 and is expected to trade on muted tone today near 4.3900 amid a pause in the USD rally. The recent consolidation in the greenback did not alter the overall bullish outlook on USD/MYR, although it may slow the pace of the upward trajectory. We are maintaining a neutral to slightly bullish view on USD/ MYR in the week ahead, likely close to current ranges of 4.36-4.41 in the week ahead. Malaysia CPI is on the deck and it is not expected to have any major influence on the pair.

1-Month Outlook – MYR Neutral

We expect the MYR to recover some lost ground in the medium term; supported by further economic recovery as the government reopened the Malaysian border on 1st April. Recent rally in global commodity prices coupled with increase in minimum wage to RM1,500 effective 1st May should provide an added impetus along with the advantage of elevated oil prices. Firmer growth outlook has resulted in a 25bps increase in the OPR by BNM at the May MPC meeting and we expect another 50bps increase for the remainder of this year. We have taken into account the broader USD which is expected to stay firm supported by safe haven demand, Fed rate hike expectations and economic outperformance in the US vis-à-vis other majors. On the flipside, the Russia-Ukraine crisis could potentially derail recovery and policy normalization path.

	S2	S1	Indicative	R1	R2
USD/MYR	4.3700	4.3850	4.3890	4.4000	4.4200

MYR Crosses

SGD/MYR



SGD/MYR Slightly Bullish

SGD/MYR opened 0.14% lower at 3.1826 and advanced to near 3.1900 as of writing, reflecting strength in SGD versus the muted MYR movement. SGD continues to fare better compared to the MYR in the face of either USD strength or weakness, reflecting the stronger fundamentals of Singapore's economy. In the medium term, some reversal is still expected with the cross likely range-trading as BNM steps up its policy normalisation. Singapore reports its GDP reading this week.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.1480	3.1650	3.1888	3.1915	3.2000

GBP/MYR



GBP/MYR Neutral to Slightly Bullish

GBP/MYR opened 0.11% higher at 5.4880 and hit 5.5000 for the first time since mid-April. The pause in USD strength continued to benefit the sterling in the short term, but fundamental wise, GBP is facing limited upside as the UK inflation is showing signs of peaking and the narrative of sharp slowdown is gathering speed.

To	S2	S1	Indicative	R1	R2
GBP/MYR	5.4230	5.4650	5.5006	5.5180	5.5500

AUD/MYR



AUD/MYR Bullish

AUD/MYR opened 0.05% lower at 3.0995 but rallied to above 3.1100 currently. The bullish market sentiments are supported by the imminent change in Australia's leadership as the Labour Party is set to retake power after 9 years in the 2022 Federal Elections. The strength in neighbouring NZD also offers some support amid the expectations of a hawkish RBNZ rate hike this week at +50bps.

To	S2	S1	Indicative	R1	R2
AUD/MYR	3.0677	3.0840	3.1123	3.1285	3.1500

Source: Bloomberg, HLBB Global Markets Research

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my**DISCLAIMER**

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