

24 March 2022

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Bearish

USD/MYR opened 0.02% higher at 4.2245 and advanced further to 4.2325 as of writing. We remain bearish on the MYR as the local unit continues to come under pressure as a tirade of hawkish Fed officials' remarks pointed to more aggressive rate hikes in the next few FOMC meetings, compared to the expectations that the BNM may stay neutral. Locally, the Malaysia CPI data is due tomorrow and consensus estimate is penciling in a 2.4% y/y increase (ours +2.2%).

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	4.2100	4.2250	4.2325	4.2400	4.2500

MYR Crosses

SGD/MYR



SGD/MYR Bullish

SGD/MYR opened 0.02% higher at 3.1109 and briefly breached 3.1200 before retreating to 3.1157 as of writing. Singapore's headline inflation surged to 4.3% y/y in February, supporting the case of another policy tightening by the MAS next month. We are neutral to slightly bullish on SGD/MYR, expecting the SGD to remain relatively resilient against the stronger USD while the MYR to remain pressured in today's session.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.1035	3.1100	3.1157	3.1200	3.1270

GBP/MYR



GBP/MYR Neutral

GBP/MYR opened 0.12% lower at 5.5774, moving in line with the weaker sterling overnight. Despite the stronger UK CPI, the downward revision to the UK 2022 growth forecast in the 2022 Spring Budget weighed on GBP/USD. GBP/MYR is likely to range bound as both components weaken against the stronger greenback; in the meantime, the cautious sentiment ahead of the UK PMI data may also limit the cross' movement.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.5408	5.5653	5.5836	5.6060	5.6230

AUD/MYR



AUD/MYR Bullish

AUD/MYR opened 0.29% higher at 3.1670, catching up with the higher AUD/USD and other commodity pairs overnight. The rally in commodity prices, coupled with stronger RBA rate hike expectations and a weaker MYR pushed the cross higher to a ten-month high of 3.1752. The stretched position (reflected in the RSI overbought condition) points to a potential pullback in the short term, before trending higher ahead of the RBA 05 April meeting.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.1400	3.1570	3.1752	3.1800	3.1900

Source: Bloomberg, HLBB Global Markets Research

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