

24 May 2022

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened unchanged at 4.3900. The pair remains supported above 4.3900, undeterred by the recent USD weakness as the market consolidates ahead of key US PMI data and Fed Chair Powell’s speech. Malaysia’s CPI is on the deck this week 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	4.3945	4.4000	4.4200

MYR Crosses

SGD/MYR

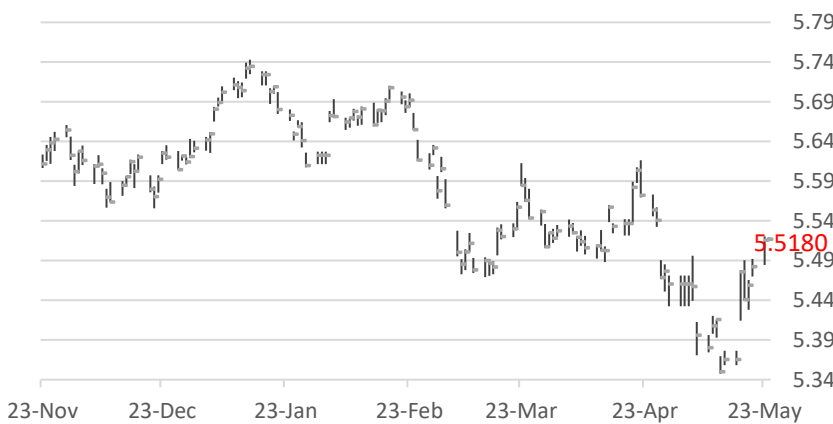


SGD/MYR Bullish

SGD/MYR opened 0.07% higher at 3.1937 after closing above 3.1900 for the first time on record and is eyeing 3.2000 next. 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	3.1708	3.1800	3.1937	3.2000	3.2050

GBP/MYR



GBP/MYR Neutral to Slightly Bullish

GBP/MYR opened 0.02% higher at 5.5166, advancing further to 5.5200 in the wake of the stronger sterling overnight. Outlook is neutral to slightly bullish as GBP remains dollar driven and the upsides are capped by the anticipation for May preliminary PMI data that will offer a gauge of the UK latest economic conditions. GBP is facing limited strength as the UK inflation is showing signs of peaking and the narrative of sharp slowdown is gathering speed.

Ack

To	S2	S1	Indicative	R1	R2
GBP/MYR	5.4820	5.5000	5.5180	5.5500	5.5734

AUD/MYR



AUD/MYR Bearish

AUD/MYR opened 0.35% lower at 3.1108. The cross slumped further to 3.1058, reversing gains posted from the previous bullish session. The consolidation in the broader market alongside the weaker Australian PMI data and JPMorgan and UBS' downward revision of China's outlook are likely to continue weighing on the Aussie dollar.

To	S2	S1	Indicative	R1	R2
AUD/MYR	3.0677	3.0840	3.1058	3.1285	3.1500

Source: Bloomberg, HLBB Global Markets Research

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