

25 January 2022

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened little changed at 4.1885 and remains near this level as of writing. Despite the overnight USD strength, the pair is holding up steadily as pre-FOMC sentiment keeps investors at bay. We are neutral on USD/MYR this week, eyeing a range of 4.17-4.20 but highlight that any surprised policy guidance from the FOMC meeting could be a swing factor.

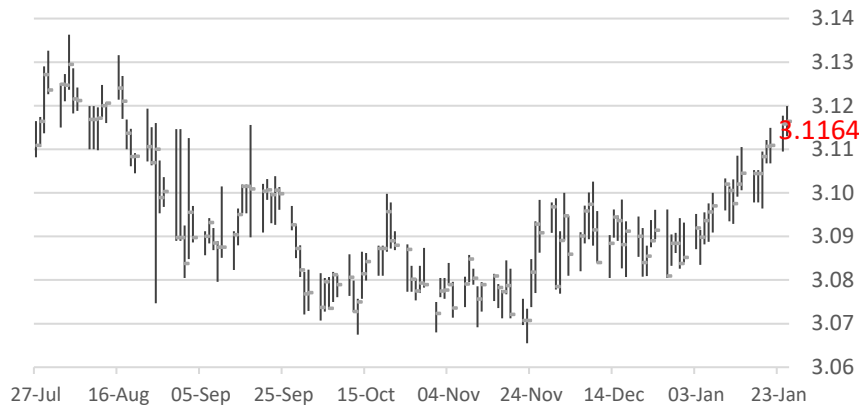
1-Month Outlook – MYR Neutral

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	4.1725	4.1800	4.1875	4.1920	4.2000

MYR Crosses

SGD/MYR



SGD/MYR Neutral to Slightly Bullish

SGD/MYR opened little changed at 3.1134 but strengthened to 3.1164 as stronger Singapore's inflation gives rise to tighter MAS policy. We are neutral to slightly bullish on SGD/MYR, suspecting that the pair will have hard time breaching 3.1170 resistance amid pre-FOMC cautiousness. A break above the level moves the next target to 3.1200.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.1100	3.1130	3.1164	3.1170	3.1200

GBP/MYR



GBP/MYR Bearish

GBP/MYR opened 0.4% lower at 5.6503 in the wake of the overnight selloff in the sterling. Risk-off sentiment arising from geopolitical tensions coupled with profit taking are expected to continue pressuring GBP today but the market may stabilise ahead of the FOMC announcement.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.6200	5.6385	5.6470	5.6640	5.6712

AUD/MYR



AUD/MYR Neutral to Slightly Bearish

AUD/MYR opened little changed at 2.9970 despite the slump in the AUD overnight against a backdrop of USD strength. AUD/USD managed to recover slightly thanks to the elevated CPI readings. We are neutral to slightly bearish on AUD/MYR after the recent down moves, expecting sideways trading ahead of the FOMC announcement.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9730	2.9836	2.9972	3.0079	3.0138

Source: Bloomberg, HLBB Global Markets Research

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