25 March 2022

Global Markets Research

Mid-day Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to Slightly Bullish

USD/MYR opened unchanged at 4.2255. The pair had breached 4.2300 in the previous session but the failure to maintain said level reflects cautious sentiment and concerns of an oversold MYR. Broad-based USD weakness this morning points to stabilisation in USD/MYR at 4.2150-4.2275 ahead of the weekend as the market monitors Russia-Ukraine headlines. There is no major US data today. Locally, the Malaysia CPI data is due at noon and consensus estimate is penciling in a 2.4% y/y increase (ours +2.2%).

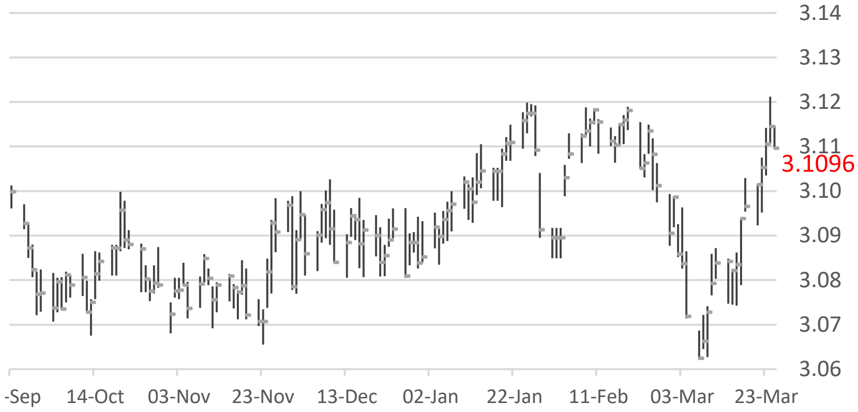
1-Month Outlook – MYR Neutral

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	4.2150	4.2185	4.2300	4.2400

MYR Crosses

SGD/MYR



SGD/MYR Neutral

SGD/MYR opened 0.06% lower at 3.1121, retreating from the stronger levels in the prior session. We are neutral on SGD/MYR as the MYR recovered from the prior day's selling while SGD likely stays flat against the greenback. SGD outlook looks firmer in the medium term, as the government further loosen its Covid restrictions while surging inflation supports the case for a MAS tightening in mid-April.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.1035	3.1070	3.1096	3.1150	3.1200

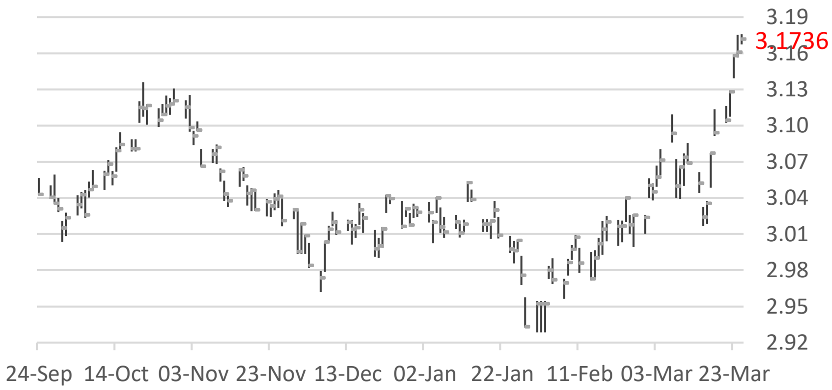
GBP/MYR

GBP/MYR Neutral

GBP/MYR opened 0.18% higher at 5.5754, despite GBP/USD having edging lower overnight. The mixed PMI data (weaker manufacturing, stronger services) coupled with the recent government's 2022 growth revision had collectively weighed on the sterling. Nonetheless, we expect GBP/MYR to trade range-bound ahead of the UK retail sales data due 3pm today.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.5408	5.5653	5.5720	5.6060	5.6230

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.41% higher at 3.1737, catching up the stronger AUD/USD which continues to trade above 0.7500 as of writing. AUD/MYR upsides are capped at 3.1800 for now as 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	3.1736	3.1800	3.1900

Source: Bloomberg, HLBB Global Markets Research

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