

25 May 2022

Global Markets Research
Mid-day Currency Outlook
USD/MYR


Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened 0.03% higher at 4.3980. The broad retreat in risk sentiment is expected to keep the pair supported above 4.3900 as talks of recession dominate the global markets. 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	4.3930	4.4000	4.4200

MYR Crosses

SGD/MYR



SGD/MYR Neutral to Slightly Bullish

SGD/MYR opened 0.37% higher at 3.2057. The cross slipped to circa 3.1980 and is expected to re-test 3.2000. 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	3.1983	3.2000	3.2050

GBP/MYR



GBP/MYR Neutral

GBP/MYR opened 0.54% higher at 5.5141. Outlook is neutral today, hovering near 5.5000 in response to weaker risk sentiment. GBP remains dollar driven and the upsides are limited as proven by the slump in May UK PMI data. In the more medium term, the GBP is facing limited strength as UK inflation is showing signs of peaking and the narrative of sharp slowdown is gathering speed while the BOE is nearing the end of its tightening cycle.

To	S2	S1	Indicative	R1	R2
GBP/MYR	5.4600	5.4818	5.5023	5.5325	5.5500

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.41% higher at 3.1222 and is trading at circa 3.1100. We see muted gains in AUD/MYR today as the risk-off mood does not favour risk assets despite the RBNZ-led bounce in neighbouring NZD. RBA's Luci Ellis signalled further rate hikes to come but its impact is overshadowed by risk-off sentiment, as well as the weaker Australian PMI and softer China outlook.

To	S2	S1	Indicative	R1	R2
AUD/MYR	3.0840	3.1059	3.1131	3.1285	3.1500

Source: Bloomberg, HLBB Global Markets Research

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