26 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 4.1870 and is seen moving within a tight range. We continue to expect the pair to trade on a muted tone today 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.

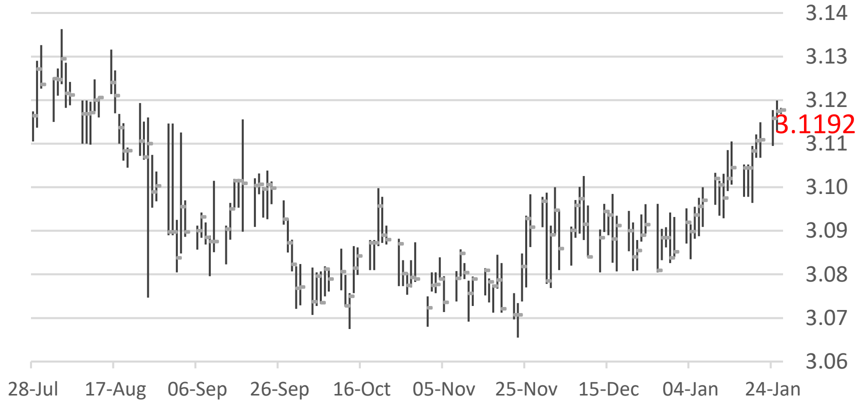
1-Month Outlook – MYR Neutral

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	4.1905	4.1920	4.2000

MYR Crosses

SGD/MYR



SGD/MYR Bullish

SGD/MYR opened little changed at 3.1168. The MAS moved fast to tighten its policy yesterday to curb Singapore's surging inflation, months before the scheduled April meeting. We are bullish on SGD/MYR as the decision continues to boost the SGD, outweighing pre-FOMC cautiousness. SGD/MYR attempts to break 3.1200 but may pull back given the overbought conditions

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.1100	3.1130	3.1192	3.1200	3.1250

GBP/MYR

GBP/MYR Neutral

GBP/MYR opened 0.2% higher at 5.6610. GBP/USD recovered slightly overnight, from the previous session's selloff, and is staying defensive at circa 1.3500. We are neutral on GBP/MYR as risk-off sentiment arising from geopolitical tensions are expected to continue pressuring GBP today but the market may stabilise ahead of the FOMC announcement.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.6338	5.6495	5.6645	5.6756	5.6920

AUD/MYR

AUD/MYR Neutral

AUD/MYR opened 0.1% higher at 2.9996 as AUD recovered against the USD overnight amid fading USD strength. The surge in 4Q inflation still clouds the RBA's policy normalisation path. Nonetheless, focus remains on the FOMC meeting, thus rendering a muted trading outlook for AUD/MYR today

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9730	2.9836	3.0019	3.0079	3.0138

Source: Bloomberg, HLBB Global Markets Research

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