

26 May 2022

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Bearish

USD/MYR opened 0.09% lower at 4.3905 and inched back up to the recently familiar level at circa 4.3950. The post-FOMC-minutes strength in USD supports the further upward climb in the pair, pointing to a potential hit in 4.4000 as the Fed signalled two more half-point percentage hikes in the next meetings.

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	4.3975	4.4000	4.4200

MYR Crosses

SGD/MYR



SGD/MYR Neutral to Slightly Bullish

SGD/MYR opened 0.09% higher at 3.1967. SGD/MYR failed to breach the 3.2000 stronghold after climbing as high as 3.1999 this morning. Nonetheless, the still bullish SGD sentiment alongside muted MYR movement likely keeps the cross above 3.1950. In the medium term, some reversal is still expected with the cross likely range-trading as BNM steps up its policy normalisation.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.1708	3.1800	3.1988	3.2000	3.2050

GBP/MYR



GBP/MYR Neutral to Slightly Bullish

GBP/MYR opened 0.53% higher at 5.5309, in response to the modestly stronger sterling overnight. GBP/USD aims to hit 1.2600, offering some impetus to the GBP/MYR concurrently. Upsides are likely capped at 5.5500 in anticipation for the US GDP reading. We maintain the view of a limited GBP strength as the UK inflation is showing signs of peaking and the narrative of a sharp slowdown is gathering speed while the BOE is nearing the end of its tightening cycle.

To	S2	S1	Indicative	R1	R2
GBP/MYR	5.4820	5.5000	5.5368	5.5500	5.5700

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.15% higher at 3.1155. The cross temporarily hit 3.1200 before heading backwards to circa 3.1160. In the absence of a major catalyst, AUD remains very much dollar driven and may continue to suffer some downsides from the post-FOMC-minutes dollar strength amid cautious market sentiment.

To	S2	S1	Indicative	R1	R2
AUD/MYR	3.0840	3.1059	3.1162	3.1285	3.1500

Source: Bloomberg, HLBB Global Markets Research

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my**DISCLAIMER**

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