

27 January 2022

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Bearish

USD/MYR opened 0.2% higher at 4.2000. The FOMC's hawkish statement boosted the USD overnight and the broad dollar strength spilled over to the Asian morning, leading USD/MYR to breach 4.2000, aiming for 4.2100 next. Focus now shifts to the US advance GDP growth estimate for the fourth quarter, a surprise upside to the reading may further drive USD.

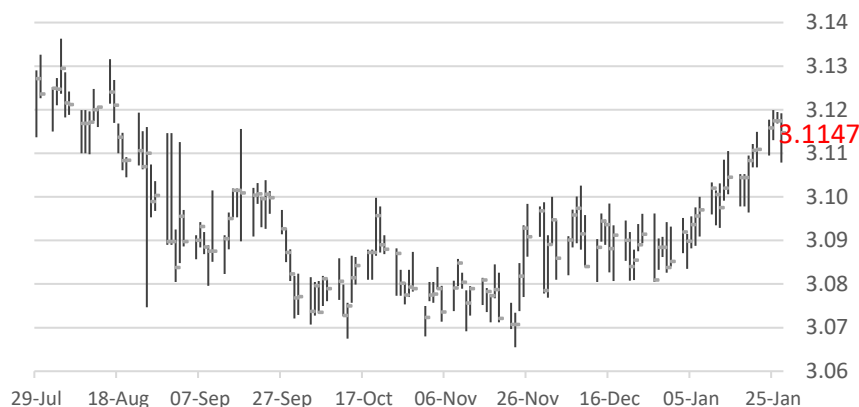
1-Month Outlook – MYR Neutral

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	4.1840	4.1900	4.2065	4.2100	4.2175

MYR Crosses

SGD/MYR



SGD/MYR Neutral

SGD/MYR opened 0.3% lower at 3.1078 in line with the weaker SGD overnight. The stronger USD and overbought SGD conditions pulled back the pair back to circa 3.1150 as expected. The effect of the MAS' pre-emptive policy tightening has faded somewhat, giving way to the Fed rate hike expectations. We expect SGD/MYR to move within 3.1100-3.1200 in the short term.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.1084	3.1130	3.1147	3.1200	3.1250

GBP/MYR



GBP/MYR Neutral

GBP/MYR opened 0.3% lower at 5.6435 as the pair caught up with the weaker sterling overnight. GBP/USD has now fallen below 1.3500 driven by risk-off sentiment related to geopolitical tensions and firmer USD strength. We are neutral on GBP/MYR due to weaknesses in both components against the USD.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.6338	5.6495	5.6547	5.6627	5.6736

AUD/MYR



AUD/MYR Neutral to Slightly Bearish

AUD/MYR opened 0.7% lower at 3.0044 in the wake of weaker AUD/USD. This highlights the uncertainty over the RBA's monetary policy outlook despite the recent surge in supply-chain-driven inflation. We are neutral to slightly bearish on the pair, believing that the downsides are now limited following the sharp down moves.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9600	2.9730	2.9795	2.9900	3.0073

Source: Bloomberg, HLBB Global Markets Research

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