28 January 2022

Global Markets Research

Mid-day Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to Slightly Bearish

USD/MYR opened little changed at 4.1950. MYR stayed relatively resilient as pre-weekend sentiment and festivity-related factors may have hold back investors this week. We are neutral to slightly bullish on USD/MYR, expecting the pair to trade sideways, near recent levels, taking into account above mentioned factors.

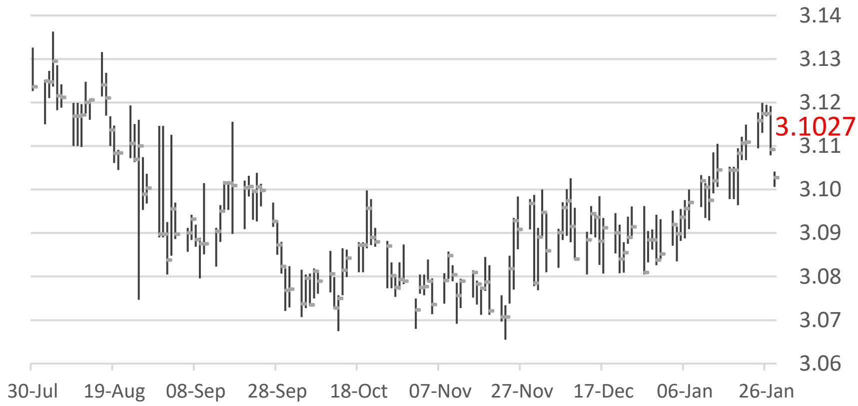
1-Month Outlook – MYR Neutral

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	4.1980	4.2100	4.2175

MYR Crosses

SGD/MYR



SGD/MYR Bearish

SGD/MYR opened 0.3% lower at 3.1014. SGD slumped further amid strong USD sentiment while concurrently the effect of the MAS' recent tightening appeared to have waned. SGD/MYR has now retreated to circa 3.1030, and may be poised for further down moves amid relatively steady MYR. The immediate resistance is at 3.1000.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.0950	3.1000	3.1027	3.1080	3.1100

GBP/MYR

GBP/MYR Neutral to Slightly Bearish

GBP/MYR opened 0.4% lower at 5.6167 after the sterling weakened alongside other major currencies against the dollar overnight. GBP/USD weakened further to below 1.3400, a five-week low. Risk-off flow and strong Fed rate hike expectations continued to pressure the sterling but downsides may be capped by hawkish BOE expectations. The BOE is expected to raise rate by 25bps next week.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.5880	5.6100	5.6218	5.6323	5.6500

AUD/MYR

AUD/MYR Bearish

AUD/MYR opened 0.8% lower at 2.9516, its lowest level since October 2020, as the Aussie dollar topped the loser chart overnight. Focus now shifts to next week's RBA policy meeting of which a decision on its asset purchase program is expected. Risk off flow and relatively uncertain RBA policy outcome (compared to the strong Fed rate hike sentiment) may continue to post downside risks to AUD.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9400	2.9500	2.9555	2.9618	2.9750

Source: Bloomberg, HLBB Global Markets Research

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