

28 March 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 marginally lower by 0.04% at 4.2080 and saw some volatile moves. The pair nudged higher back to a high of 4.2153 but has since slipped again to 4.2090 at time of writing. Technical correction has pulled the pair back to 4.20-4.21 but we expect market jitters amid lingering Ukrainian conflicts, Fed rate hike path as well as the latest lockdown in Shanghai to send the pair higher again, not to mention a firming USD in Asia trading. We are expecting a range of 4.20-4.25 in USD/MYR in the week ahead. Markets will be scrutinizing US job reports this week and the release of fresh macro forecasts and economic and monetary reviews by BNM on 30-March.

1-Month Outlook – MYR Neutral

We expect the MYR to be relatively resilient in the medium term, taking into account further economic recovery as the government reopens the Malaysian border on 1 April. Recent rally in global commodity prices coupled with the soon to be implemented 25% increase in minimum wage to RM1,500 effective 1-May should provide an added impetus. This also takes into account our view that the broader USD is also expected to stay firm supported by haven demand, Fed rate hike expectations and likely outperformance of recovery in the US vis-à-vis other majors. That said, the Russia-Ukraine crisis could potentially derail the recovery and policy normalization path.

	S2	S1	Indicative	R1	R2
USD/MYR	4.2000	4.2060	4.2090	4.2250	4.2300

MYR Crosses

SGD/MYR



SGD/MYR Neutral to Slightly Bearish

SGD/MYR opened 0.20% lower at 3.0987, extending its bearish move. We are neutral to slightly bearish on SGD/MYR as a break of the 3.10 handle is expected to lead the pair towards 3.09. Over the next month, SGD outlook will however likely be supported by further relaxation in Covid restrictions while surging inflation supports the case for a MAS tightening in mid-April.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.0900	3.0920	3.0951	3.1114	3.1150

GBP/MYR



GBP/MYR Neutral

GBP/MYR opened marginally higher by 0.03% at 5.5434, as cautious market sentiments kept a lid on riskier currencies. The sterling outlook will likely remain suppressed by dimmer growth outlook in the UK whilst higher inflation continues to spur BOE hikes. We expect a neutral trading in GBP/MYR today as both the GBP and MYR are expected to be under pressure amid risk aversion in the markets.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.5186	5.5300	5.5375	5.5693	5.5823

AUD/MYR



AUD/MYR Neutral to Slightly Bearish

AUD/MYR opened 0.13% higher at 3.1645 but since traded lower at time of writing. News of phased lockdown in Shanghai has caused some stirs in the markets hence the swings in Aussie this morning. AUD/MYR upsides are capped at 3.1800 for now as the stretched position (reflected in the RSI overbought condition) points to a potential pullback in the short term, before trending higher ahead of the RBA meeting on 5-April.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.1260	3.1460	3.1589	3.1800	3.1900

Source: Bloomberg, HLBB Global Markets Research

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