

28 April 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 0.06% lower at 4.3550. MYR slipped this morning keeping the pair pivoted at the 4.3600 level for now. Technicals are still showing mixed signals with RSI and stochastics in overbought territory whilst positive momentum in MACD was seen softening. The pair is expected to range slight sideways-to-higher as it continues to be influenced by the hawkish Fed rate hike expectations in the upcoming FOMC meeting next week. Further strong upside may nevertheless be capped for now despite the recent steep and sudden rise.

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 the soon to be implemented increase in minimum wage to RM1,500 effective 1st May should provide an added impetus along with the advantage of elevated oil prices. 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	4.3540	4.3560	4.3600	4.3620	4.3630

MYR Crosses

SGD/MYR



SGD/MYR Bearish

SGD/MYR opened 0.14% lower at 3.1563 and technicals point to continuing pullback. In the medium-term, MYR may still be biased towards the weaker side relative to SGD following the earlier MAS tightening of monetary policy which might have a stronger impact compared to Malaysia's oil price advantage.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.1490	3.1510	3.1539	3.1560	3.1595

GBP/MYR

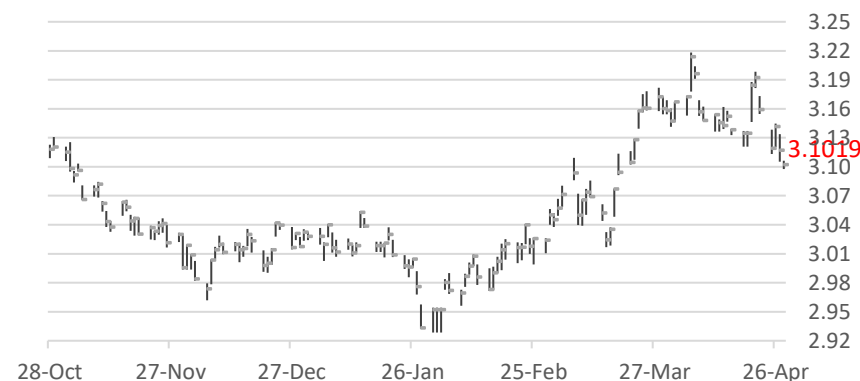


GBP/MYR Bearish

GBP/MYR opened 0.08% lower at 5.4642 whilst taking note of the current weak sterling against the greenback not seen since July 2020. GBP/MYR is trading lower than yesterday's close, with most technicals exhibiting a bearish signal. We foresee limited gains in GBP/MYR relative to the other crosses on lack of meaningful data for the remainder of this week despite the pencilling of a 25bps rate hike by the BOE in the next MPC meeting on 5th May.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4560	5.4625	5.4650	5.4720	5.4750

AUD/MYR



AUD/MYR Bearish

AUD/MYR opened 0.43% lower at 3.1034 but is seen to move lower to 3.0950-3.1050 channel as traders may turn bearish on the cross now as higher than expected CPI data that builds the case for an earlier rate hike is seen to have been built in. Elsewhere, China's Covid uncertainties is another event that will have bearing on Australia's exports.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0940	3.0990	3.1019	3.1090	3.1125

Source: Bloomberg, HLBB Global Markets Research

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

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

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter.

Potential and actual conflict of interest may arise from the activities of HLB Group. HLB Group constitute a diversified financial services group. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and other activities for their own account or the account of others. In the ordinary course of their business, HLB Group may effect transactions for their own account or for the account of their customers and hold long or short positions in the financial instruments. HLB Group, in connection with its business activities, may possess or acquire material information about the financial instruments. Such activities and information may involve or have an effect on the financial instruments. HLB Group have no obligation to disclose such information about the financial instruments or their activities.

The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.