30 March 2022

Global Markets Research

Mid-day Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to Slightly Bullish

USD/MYR opened 0.01% lower at 4.2130 and slipped below 4.2100 currently. The renewed USD weakness may reverse some recent gains as expected amid the growing prospects of Russia-Ukraine ceasefire, but the anticipation for today's BNM economic and monetary review and the release of fresh macro forecasts may prevent any sharp swing, likely keeping the pair within 4.20-4.22.

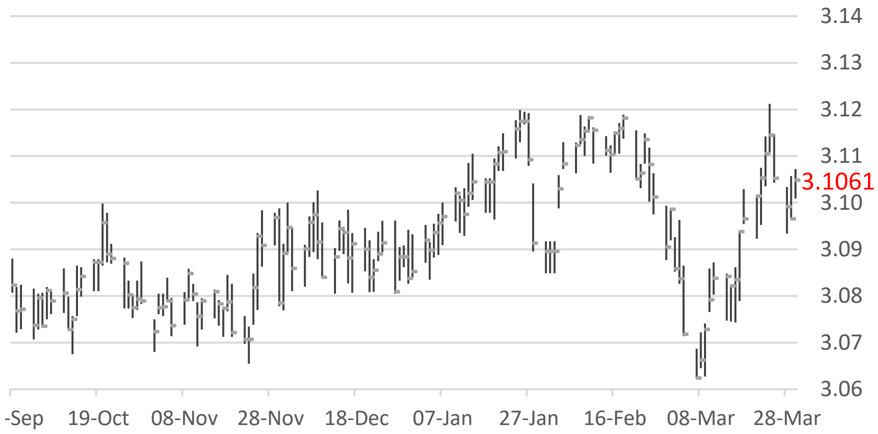
1-Month Outlook – MYR Neutral

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	4.2050	4.2090	4.2150	4.2200

MYR Crosses

SGD/MYR



SGD/MYR Slightly Bullish

SGD/MYR opened 0.35% higher at 3.1074, commensurating with the gain in SGD/USD overnight. The cross advanced further as of writing, but upsides are likely capped at 3.1080 as both MYR and SGD firmed up against the weaker USD. 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	3.0950	3.1061	3.1100	3.1145

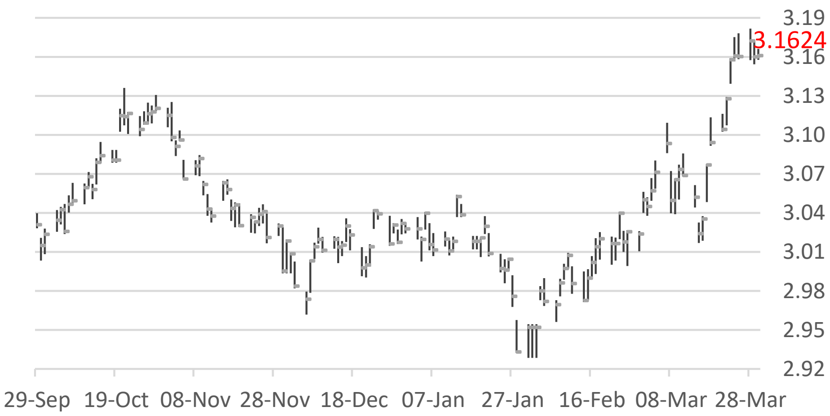
GBP/MYR

GBP/MYR Neutral

GBP/MYR opened 0.18% higher at 5.5170, even as GBP/USD closed barely changed overnight. The lack of major GBP drivers is likely keeping the sterling on a muted note today as the market monitors the Russia-Ukraine headlines. The sterling outlook will likely remain suppressed by the dimmer growth outlook in the UK while the higher inflation continues to spur BOE rate hike expectations.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4886	5.5080	5.5123	5.5300	5.5500

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.20% higher at 3.1662. AUD/USD retained 0.7500 levels, supported by the upbeat Aussie retail sales data. Nonetheless, the increased downside risks to growth especially from China, coupled with softer commodity prices are expected to keep a lid on AUD. AUD/MYR upsides are capped at 3.1800 as the pair remains overbought, pointing to an imminent pullback before trending higher again ahead of the RBA meeting on 5-April.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.1260	3.1460	3.1624	3.1800	3.1900

Source: Bloomberg, HLBB Global Markets Research

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