30 May 2022

## Global Markets Research

## Mid-day Currency Outlook

**USD/MYR**


*Source: Bloomberg, HLBB Global Markets Research*

**Intraday Thoughts – MYR Bullish**

USD/MYR opened unchanged at 4.3790 and slipped to 4.3665 as of writing. MYR continues to make positive reversals from the oversold position, taking advantage of the halt in the USD rally. Cautious sentiment amid the US market holiday as well as month-end rebalancing is expected to support the MYR today. In the week ahead, USD/MYR could exhibit a bearish tilt following last Friday and this morning's sharp losses, testing the 4.35 key support. First tier US economic releases and Fedspeak are expected to be the key driver as Malaysia PMI takes a backseat as usual.

**1-Month Outlook – MYR Neutral**

We expect the MYR to recover some lost ground in the medium term; supported by the further economic recovery as the government reopened the Malaysian border on 1st April. Recent rally in global commodity prices coupled with increase in minimum wage to RM1,500 effective 1st May should provide an added impetus along with the advantage of elevated oil prices. Firmer growth outlook has resulted in a 25bps increase in the OPR by BNM at the May MPC meeting and we expect another 50bps increase for the remainder of this year. 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 | 4.3400 | 4.3550 | 4.3665 | 4.3875 | 4.4000 |

## MYR Crosses

### SGD/MYR


**SGD/MYR Neutral**

SGD/MYR opened 0.07% higher at 3.1996. The cross is expected to trade on a muted note in view of the cautious market sentiment and a lack of major drivers. The recent breach of 3.2000 puts the SGD/MYR cross at a stretched position, hence the ongoing retreat to a more neutral level, taking into account the renewed concerns over Singapore's growth and expectations of BNM policy catchup.

| To | S2 | S1 | Indicative | R1 | R2 |
|---|---|---|---|---|---|
| SGD/MYR | 3.1820 | 3.1900 | 3.1937 | 3.2050 | 3.2100 |

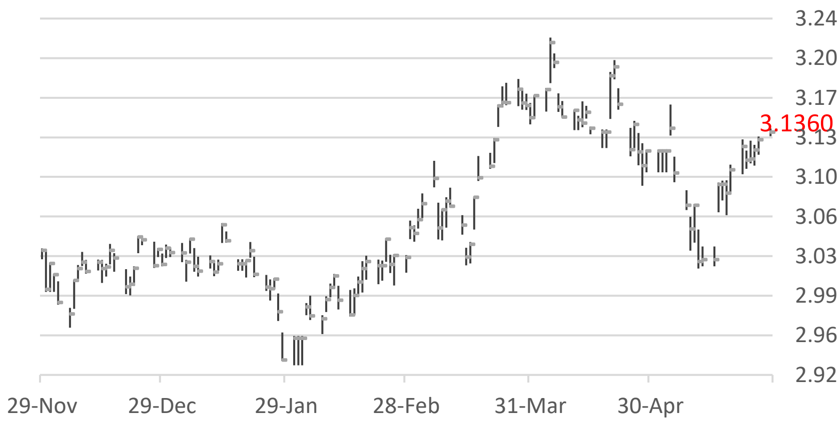
### GBP/MYR


**GBP/MYR Neutral**

GBP/MYR opened 0.09% higher at 5.5301. Upsides are still capped at 5.5500 in anticipation of more US data (ISM index, NFP) release while the UK data are sparce. We maintain the view of a limited GBP strength as the UK inflation is showing signs of peaking and the narrative of a sharp slowdown is gathering speed while the BOE is nearing the end of its tightening cycle.

| | S2 | S1 | Indicative | R1 | R2 |
|---|---|---|---|---|---|
| GBP/MYR | 5.4820 | 5.5000 | 5.5248 | 5.5500 | 5.5700 |

### AUD/MYR




**AUD/MYR Neutral to Slightly Bullish**

AUD/MYR opened 0.28% higher at 3.1364. AUD/USD moves towards 0.7200 and may aim to breach 0.7250 as the dollar strength takes a backseat. China's NBS PMI data and Australia's 1Q22 GDP growth are expected to offer guidance this week before focus shifts to the US NFP job report.

| | S2 | S1 | Indicative | R1 | R2 |
|---|---|---|---|---|---|
| AUD/MYR | 3.1000 | 3.1159 | 3.1360 | 3.1500 | 3.1650 |

*Source: Bloomberg, HLBB Global Markets Research*

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