

31 March 2022

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened 0.05% lower at 4.2020, holding relatively steady despite the selloff in the broad USD overnight, with immediate support at 4.2000. BNM's annual review indicates that it may hike OPR as soon as 2H22, but the market seems unperturbed by the news thus far; the market now switches its focus to Friday's US NFP data while monitoring the Russia-Ukraine development and oil prices.

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	4.1940	4.2000	4.2045	4.2100	4.2175

MYR Crosses

SGD/MYR

SGD/MYR Neutral to Slightly Bullish



SGD/MYR opened 0.02% higher at 3.1083 and is seen hovering at this level as of writing. The flattish SGD and MYR performances in the morning Asian session indicate insufficient push above 3.1100 for now. 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	3.0915	3.1000	3.1083	3.1100	3.1150

GBP/MYR

GBP/MYR Neutral



GBP/MYR opened 0.03% lower at 5.5230. The UK final 4Q21 GDP reading is up next in the data bucket but is unlikely to drive major swings barring from a huge revision. 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 unless a solid progression in Ukraine-Russia negotiations brought about a rally in risk assets.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4750	5.5000	5.5207	5.5500	5.5875

AUD/MYR

AUD/MYR Neutral to Slightly Bearish



AUD/MYR opened 0.14% lower at 3.1536, as AUD/USD underperformed overnight despite the dollar weakness and the rebound in oil prices. China's NBS PMIs slumped into contractionary areas, confirming the view of the weakening Chinese growth. AUD/MYR upsides are capped at 3.1800 as the pair remains quite stretched, 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	3.1569	3.1800	3.1900

Source: Bloomberg, HLBB Global Markets Research

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