31 May 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 0.04% lower at 4.3645. USD/MYR stabilised from the recent selling to trade above 4.3700 ahead of the month-end closing. USD remained pressured by risk-on flow and renewed optimism surrounding China's relaxed Covid rules. Daily outlook is neutral to slightly bullish as cautious sentiment dominates the market ahead of a series of major US data while USD recouped losses against G10 and most Asian currencies. A further selloff in broad USD triggered by weak US data may lead the pair to test 4.3500 support.

**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 | 4.3500 | 4.3765 | 4.3875 | 4.4000 |

## MYR Crosses

### SGD/MYR


**SGD/MYR Neutral to Slightly Bullish**

SGD/MYR opened 0.12% lower at 3.1942. The cross ticked higher this morning amid some negative reversal in MYR. 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 | 3.1969 | 3.2050 | 3.2100 |

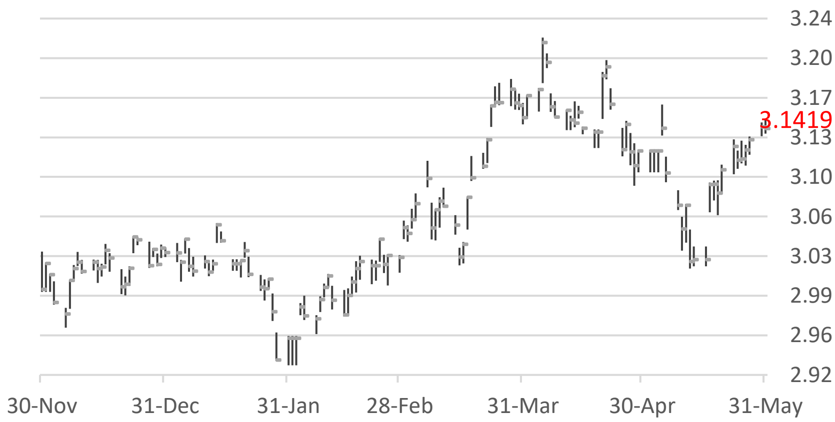
### GBP/MYR


**GBP/MYR Neutral**

GBP/MYR opened unchanged at 5.5214. The sterling bulls took advantage of USD weakness overnight with GBP/USD now eyeing 1.2700. The upsides remained capped at 5.5500 as the market assesses possible BOE moves with inflation showing signs of easing but remained elevated high and may affect consumption outlook.

| | S2 | S1 | Indicative | R1 | R2 |
|---|---|---|---|---|---|
| GBP/MYR | 5.4820 | 5.5000 | 5.5236 | 5.5500 | 5.5700 |

### AUD/MYR




**AUD/MYR Neutral to Slightly Bullish**

AUD/MYR opened 0.10% higher at 3.1420. AUD/USD continues to flirt with 0.7200 amid a broad USD softening. Meanwhile, China's NBS PMI showed improvement but remained below 50 (i.e., contraction area). Australia's 1Q22 GDP growth is 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 | 3.1419 | 3.1500 | 3.1650 |

*Source: Bloomberg, HLBB Global Markets Research*

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