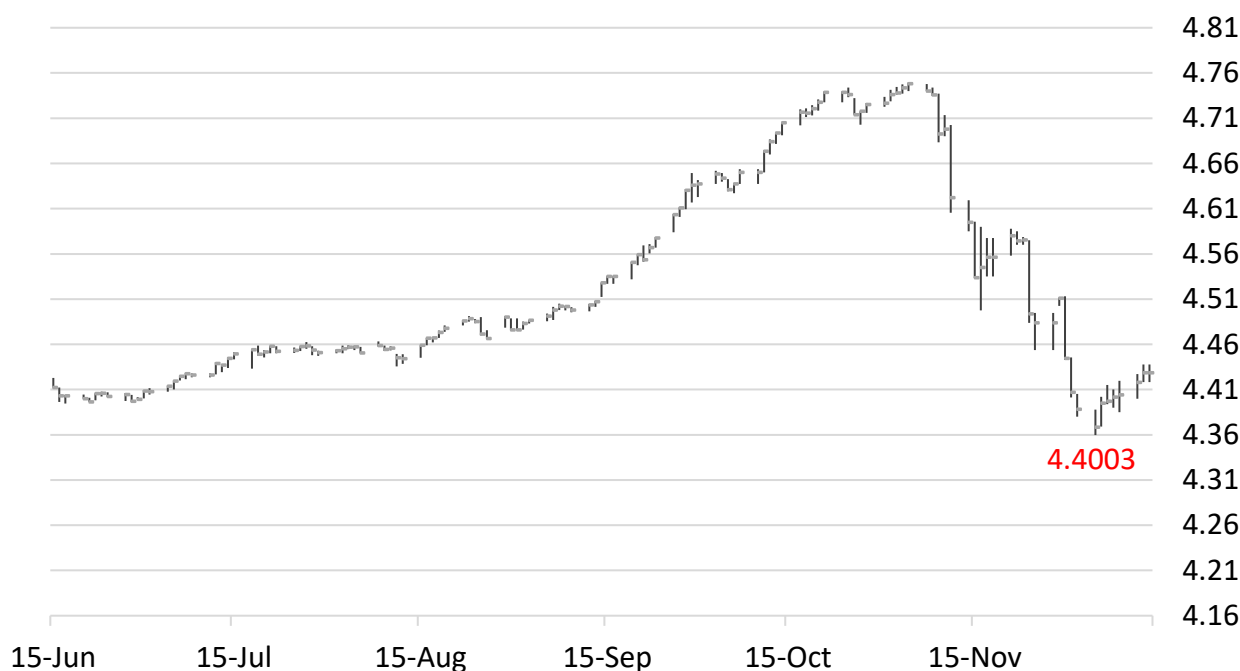


14 December 2022

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Bearish

USD/MYR opened 0.07% lower at 4.4255 and slipped to 4.4003 at the point of writing. This trend is not unexpected given that the Dollar Index fell 1.1% d/d to 103.98 post the inflation print, which came below expectation and the lowest this year. Coupled with a strong Ringgit vis-à-vis regional peers this morning and investors staying cautious ahead of the FOMC meeting, as seen in the retreat in stock indices after the initial spike, we are bearish on this pair today.

1-Month Outlook – USD/MYR Neutral to Slightly Bearish

USD/ MYR has turned technically bearish following the recent sharp move lower, breaking various key support levels on the way. Reaffirmation from Fed Chair Powell that the Fed will slow the pace of rate hike as early as December marks the beginning of Fed policy pivot, and shall continue to dampen USD outlook going forward, hence benefitting the G10s and other EM currencies. Abatement in local political noises and favourable economic fundamentals domestically should also keep the MYR supported. However, given the oversold position in the pair after recent sharp moves, we expect more muted losses with 4.40 as a key support, hence our neutral outlook on a one-month horizon. A break below 4.40 will likely pave the way for the pair to head towards 4.35.

	S2	S1	Indicative	R1	R2
USD/MYR	4.3745	4.3945	4.4003	4.4193	4.4393

MYR Crosses

SGD/MYR



SGD/MYR Neutral

SGD/MYR opened 0.64% higher at 3.2878 but has since retreated to 3.2643 at the point of writing. This is a shade lower than prior day's close and thus, we are neutral on this pair. SGD weakened against most of its regional peers this morning and key risk will be FOMC policy decision and rhetoric followed by NODX data due to be released on Friday.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.2583	3.2613	3.2643	3.2677	3.2715

GBP/MYR



GBP/MYR Neutral

GBP/MYR opened 0.65% higher at 5.4710 but drifted close to its previous close, at 5.4364 at the point of writing. Daily outlook is neutral as gains from the higher opening will be capped by the correction in sterling after registering a fresh six-month high at 1.2444. As it is, investors will shift focus towards the inflation data due today as well as BOE MPC meeting scheduled tomorrow.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4180	5.4266	5.4364	5.4679	5.4890

AUD/MYR



AUD/MYR Neutral-to-Slightly Bullish

AUD/MYR opened 1.12% higher at 3.0297 and like other pairs, retreated to 3.0048 at the point of writing on Ringgit strength. We also note that AUD has weakened against all major and regional peers this morning. We are neutral to slightly bullish on this pair purely because of the higher opening.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9569	2.9804	3.0048	3.0130	3.0219

Source: Bloomberg, HLBB Global Markets Research

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damansara

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.