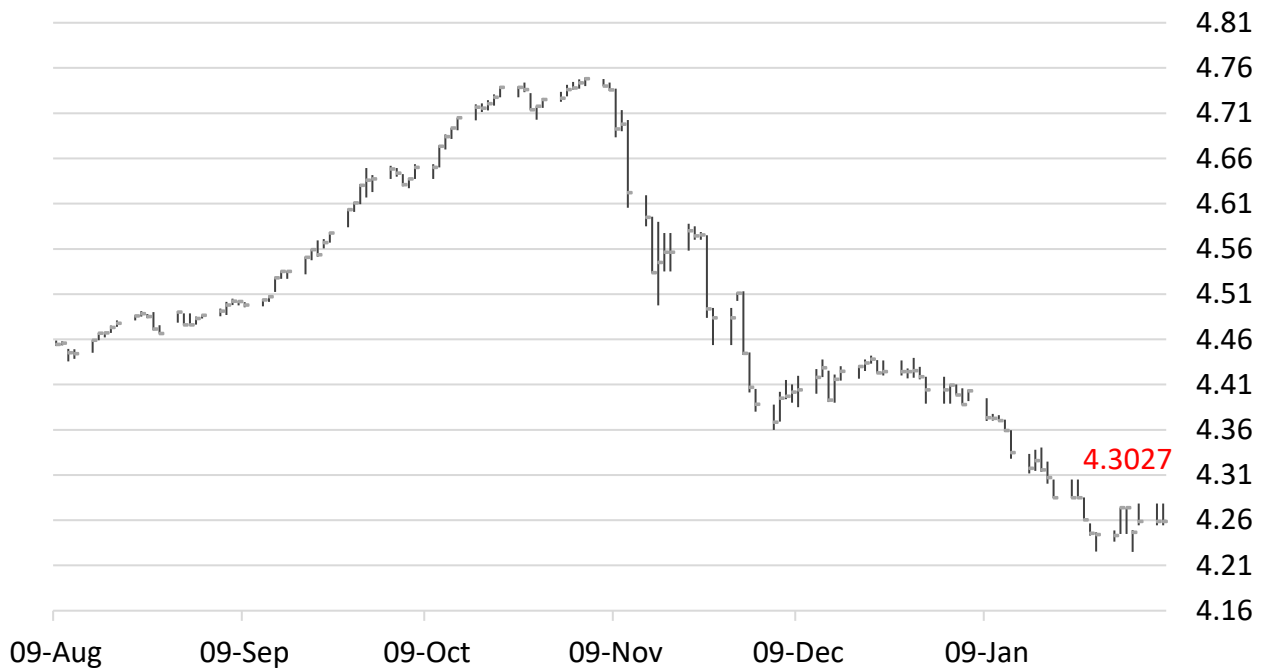


7 February 2023

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Bullish

USD/MYR opened 0.27% higher at 4.2700 and spiked further to 4.3027 at the point of writing. Daily outlook is bullish given that US red hot job data is renewing expectations of more rate hikes and thus, the Dollar. On top of that, the MYR has weakened against major and regional peers. Key risk to this pair will be Powell’s interview today when investors are waiting to see if Fed Chair Jerome Powell will dampen the bullish reaction to his recent remarks amid bets that the Federal Reserve will keep its grip on policy. Investors should also look out for likelihood of smaller than expected moderation in Malaysia’s 4Q GDP growth due to be released on Friday.

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

USD/ MYR outlook is skewed to the bearish side amid expectations of further retreat in the USD. The smaller but expected 50bps Fed rate hike in December, and reaffirmation from Fed Chair Powell that the Fed will slow the pace of rate hike 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 favorable economic fundamentals domestically should also keep the MYR supported. The pair has since rebounded back above 4.30 following the sharp gain in December nonfarm payroll data and lowest jobless rate since 1969, reviving Fed rate hike expectations and brought market pricing for the Fed terminal rate to 5.15% again. Budget tabling on 24 February will be the next key domestic event risk to watch.

	S2	S1	Indicative	R1	R2
USD/MYR	4.2688	4.2883	4.3027	4.3130	4.3175

USD/SGD



USD/SGD Neutral

USD/SGD opened flat at 1.3278 but dipped slightly to 1.3266 at the point of writing. We also note that SGD has weakened against most G10 currencies. We are neutral on this pair in the absence of major releases on the Singapore front, US remained the key driver for this pair.

To	S2	S1	Indicative	R1	R2
USD/SGD	1.3209	1.3237	1.3266	1.3296	1.3322

MYR Crosses

SGD/MYR

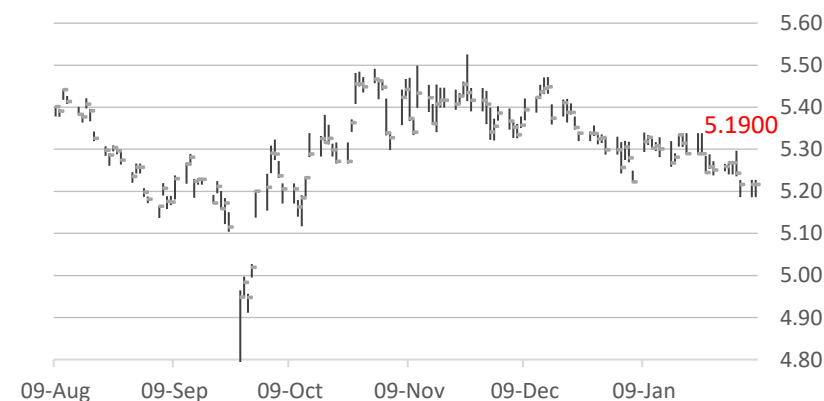


SGD/MYR Neutral

SGD/MYR opened 1.28% lower at 3.2076 but rebounded to 3.2494 at the point of writing. Bullishness in the pair as a result of MYR weakness and a resilient SGD is expected to be neutralized by the sharply lower opening and we are thus, neutral on this pair today. Key risk to this pair is the release of Malaysia IPI at noon today, where any upside surprises will spur odds of a smaller than expected moderation in 4Q GDP.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.2405	3.2442	3.2494	3.2521	3.2559

GBP/MYR



GBP/MYR Neutral-to-Slightly Bearish

GBP/MYR opened 1.81% lower at 5.1215 but rebounded to 5.1900 at the point of writing. Still, this is below previous close and as such, we are neutral-to-slightly bearish on this pair. In the UK docket, BoE MPC member C.Mann said she sees upside risks to the inflation outlook, at the time when she added that the consequences of under-tightening far outweigh over-tightening, thus supporting the GBP.

To	S2	S1	Indicative	R1	R2
GBP/MYR	5.1502	5.1615	5.1900	5.2122	5.2380

AUD/MYR

AUD/MYR Bullish

AUD opened 0.10% lower at 2.9345 but quickly rebounded above previous close, at 2.9728 at the point of writing. AUD has also strengthened vis-à-vis most regional and G10 peers and as such, we are bullish on this pair. RBA is set to meet today and a 25bps hike is expected. However, focus is on the RBA quarterly policy statement that follows suit on 10-Feb instead, for more hints on the RBA's future policy path.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9433	2.9557	2.9728	3.0002	3.0282

Source: Bloomberg, HLBB Global Markets Research

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