

10 February 2023

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Slightly Bullish

USD/MYR opened 0.05% lower at 4.3145 but rebounded to above previous close at 4.3273 at the point of writing. We are slightly bullish on this pair given the upper trajectory subsequent to opening. Today, investors will focus on Malaysia's 4Q GDP data due to be released at noon and any major sway will be dependent on the result coming above or below expectations. As it is, it is expected to moderate to +6.7% y/y in 4Q from 14.2% y/y previously.

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	4.2908	4.3018	4.3273	4.3350	4.3395

USD/SGD

USD/SGD Neutral

USD/SGD opened 0.01% lower at 1.3256 but rebounded to 1.3266 at the point of writing. We are neutral on this pair. It has come to our attention that SGD has led a mini reserve currency race recently with the latest data showing that its estimated share amongst non-G4 currencies in global FX reserves has increased to 6.4% as of end-2021 from just 4.6% the previous year. This should be positive for SGD in the longer term.



To	S2	S1	Indicative	R1	R2
USD/SGD	1.3209	1.3237	1.3266	1.3293	1.3320

MYR Crosses

SGD/MYR

SGD/MYR Neutral-to-Slightly Bearish

SGD/MYR opened 0.25% lower at 3.2564 but retraced to 3.2621 at the point of writing. This is just lower than previous close underpinning a neutral-to-slightly bearish outlook on this pair. Investors will also be watching out for the 4Q GDP releases as well as 2023 Budgets due to be released over the next 2 weeks on both sides of the border – Singapore's on 14 Feb and Malaysia's on 24 Feb.

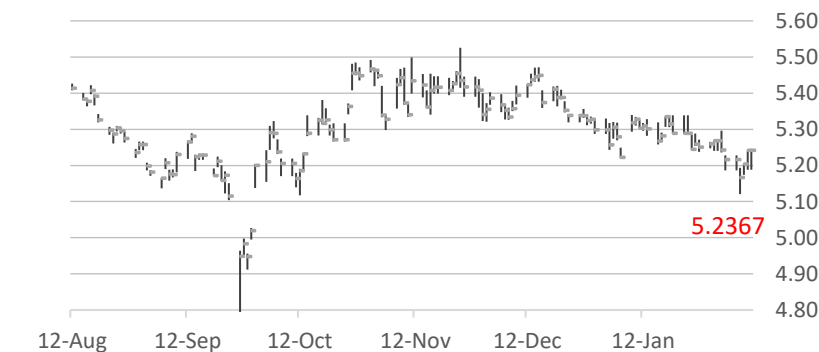


To	S2	S1	Indicative	R1	R2
SGD/MYR	3.2551	3.2588	3.2621	3.2665	3.2703

GBP/MYR

GBP/MYR Neutral

GBP/MYR opened 0.22% lower at 5.2291 but rebounded to 5.2367 at the point of writing. Governor Andrew Bailey comments that BOE expects inflation to come down rapidly this year will also keep sterling in check. On the British front, key data to watch out for will be the 4Q GDP.



	S2	S1	Indicative	R1	R2
GBP/MYR	5.1755	5.2070	5.2367	5.2469	5.2563

AUD/MYR



AUD/MYR Neutral

AUD opened 0.56% lower at 2.9949 but retraced close to previous close at 3.0010 at the point of writing. Daily outlook is neutral as investors stay cautious on the domestic front awaiting 4Q GDP data while AUD will be supported by RBA's latest revision its cash rate forecast to peak at 3.75% this year.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9682	2.9760	3.0010	3.0092	3.0349

Source: Bloomberg, HLBB Global Markets Research

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanlela

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.