

11 April 2023

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bullish

USD/MYR opened 0.08% higher at 4.4130 and strengthened to 4.4163 at the point of writing. Daily outlook is neutral-to-slightly bullish as DXY has registered a gradual correction to near 102.54 despite China-Taiwan tensions. Moreover, MYR has also weakened against most G10 and regional currencies. The major trigger that will keep investors busy ahead is the US CPI data on April 12 and Malaysia's IPI report due to be released at noon today.

1-Month Outlook – USD/MYR Neutral

USD/MYR outlook is neutral on the back of a sustained USD torn between dampened Fed rate hike/cut expectations and haven demand given the greenback's dominant position as the world reserves currency. While the US economy has shown signs of resiliency and easing inflation (though inflation has not been tapering off as fast as the Fed would like), recent banking rout triggered by the collapse of regional banks in the US have raised concern over tighter financial conditions and liquidity risks. This has swayed the Fed policy tightening path, with the Fed leaving the median terminal rate unchanged at 5.1% vs the December projection despite chatters of a higher than projected terminal rates by numerous Fed officials including Powell earlier, hence exerting pressure on the USD. On the domestic front, the SVB and financial markets jitters appeared muted and contained for now. With BNM assessment on a fairly balanced risk to growth outlook and upside risks to inflation, we believe odds remain for a further 25bps OPR hike by BNM, hence auguring well with MYR bulls.

	S2	S1	Indicative	R1	R2
USD/MYR	4.3978	4.4037	4.4163	4.4168	4.4263

USD/SGD

USD/SGD Neutral

USD/SGD opened flat at 1.3329, dipped to 1.3315 before paring its loss to 1.3325 at the point of writing. Daily outlook is neutral as we believe that the dip post-opening will be offset by a stronger USD and weaker SGD vis-à-vis G10. With much at stake as MAS is set to meet and US CPI set to be released, we believe that investors will generally stay sideline on this pair.



And To	S2	S1	Indicative	R1	R2
USD/SGD	1.3244	1.3287	1.3325	1.3357	1.3384

MYR Crosses

SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.23% lower at 3.3102 before rebounding to 3.3145 at the point of writing. Daily outlook is neutral-to-slightly bullish on SGD strength vis-a-vis most regional currencies but investors will stay cautious ahead of MAS policy decision this Friday. Expectations of further tightening will also support SGD. Key risk for this pair today will be Malaysia's IPI where expectation is that it will accelerate to +2.5%.



To	S2	S1	Indicative	R1	R2
SGD/MYR	3.2910	3.3027	3.3145	3.3219	3.3261

GBP/MYR

GBP/MYR Neutral

GBP/MYR opened 0.27% lower at 5.4686 before rebounding to 5.4744 at the point of writing. Daily outlook is neutral. Despite the lower opening, GBP has strengthened against G10 and regional currencies. We do not anticipate any major sway to this pair today as investors return from their extended Easter break and look for firmer directional strength on Thursday when the UK release its GDP, IPI and trade data,



	S2	S1	Indicative	R1	R2
GBP/MYR	5.4402	5.4595	5.4744	5.4908	5.4981

AUD/MYR



AUD/MYR Neutral

AUD opened 0.34% lower at 2.9336, spiked to 2.9399 before quickly retreating back to its previous close at 2.9365 at the point of writing. Daily outlook is neutral as AUD strength supported by improved Westpac Consumer and NAB Business Confidence indices this morning will be offset by headwind due to lower-than-expected CPI data from China. Australian Treasurer Jim Chalmers also warned this morning of complex and confronting global economic conditions challenging Australia's next budget due to be delivered on May 9.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9147	2.9277	2.9365	2.9487	2.9537

Source: Bloomberg, HLBB Global Markets Research

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