

13 March 2023

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bearish

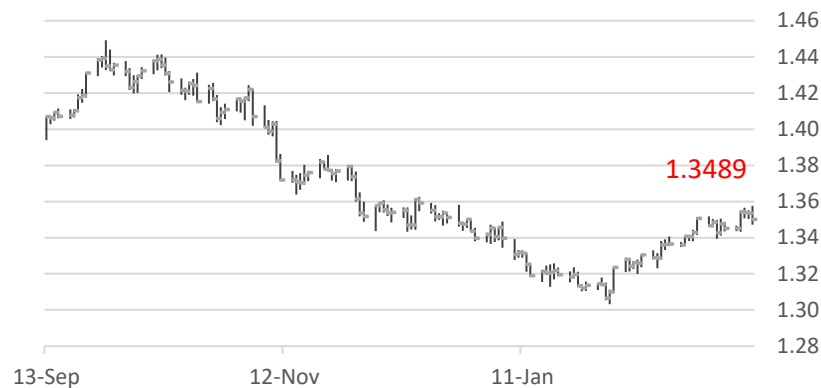
USD/MYR opened 0.02% higher at 4.5210, slid to as low as 4.5002 before rebounding to 4.5145 at the point of writing. Daily outlook is neutral-to-slightly bearish. While USD has weakened vis-a-vis G10 and regional currencies after the collapse of SVB, market sentiment has improved slightly after the US Treasury department and Fed took decisive actions to protect the US banks and depositors. US regulators also closed Signature Bank and announced plans to make depositors whole. Domestically, key risks for this pair today will be Malaysia’s IPI data and expectations is that IPI will soften slightly to 2.7% from 3.0% previously.

1-Month Outlook – USD/MYR Neutral

USD/MYR outlook is neutral. The collapse of Silicon Valley Bank (SVB) and its contagion risk will dampen Fed’s hawkishness and USD outlook but flock to safe haven demand somewhat limited losses. Market jitters have however eased after US authorities took emergency measures to ease concerns and guarantee the SVB deposits. US data has largely surprised on the upside, with higher-than-expected nonfarm payroll job gains and core-PCE prices. Coupled with Fed Chair Jerome Powel’s testimony to the Congress, this has spurred odds of a 50bps rate hike and a higher terminal rate. We expect the Fed to increase the fed funds by 25bps each in the next three upcoming meetings to 5.25-5.50%, cushioning some of the impact from the fallout. On the domestic front, with the likelihood of inflationary concerns overshadowing growth risks, we see the room for another 25bps increase in the OPR to 3.00% going forward, which could happen as early as May. This shall help alleviate the pressure on the MYR.

| | S2 | S1 | Indicative | R1 | R2 |
|---------|-----------|-----------|-------------------|-----------|-----------|
| USD/MYR | 4.4825 | 4.5120 | 4.5145 | 4.5443 | 4.5718 |

USD/SGD



USD/SGD Neutral-to-Slightly Bearish

USD/SGD opened 0.03% lower at 1.3496 and dipped to 1.3489 at the point of writing. Daily outlook is neutral-to-slightly bearish on jitters post SVB collapse and USD weakness. Investors will also stay cautious ahead of the development in the US banking sector as well as key economic data, namely US CPI and Singapore's NODX this week.

| To | S2 | S1 | Indicative | R1 | R2 |
|---------|--------|--------|------------|--------|--------|
| USD/SGD | 1.3437 | 1.3466 | 1.3489 | 1.3512 | 1.3550 |

MYR Crosses

SGD/MYR



SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.60% higher at 3.3530, spiked to 3.3553 before retreating to 3.3468 at the point of writing. Daily outlook is neutral-to-slightly bullish given that SVB failure has stirred haven demand and SGD will be the key beneficiary from this, as compared to MYR.

| To | S2 | S1 | Indicative | R1 | R2 |
|---------|--------|--------|------------|--------|--------|
| SGD/MYR | 3.3393 | 3.3430 | 3.3468 | 3.3508 | 3.3546 |

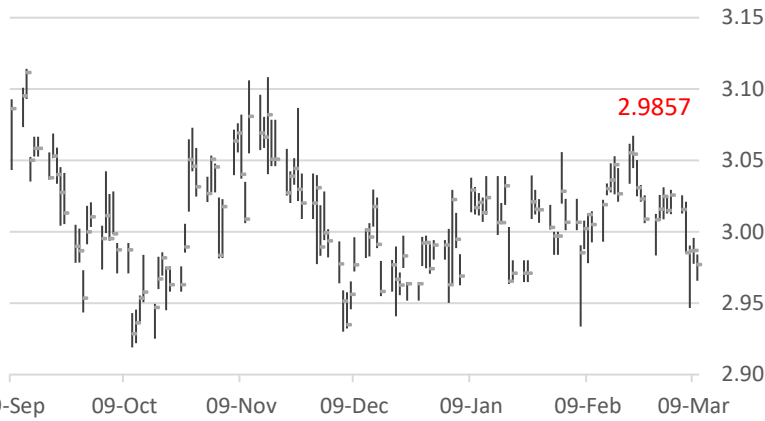
GBP/MYR



GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.73% higher at 5.4581 but has retreated slightly to 5.4477 at the point of writing. Daily outlook is neutral-to-slightly bullish given that GBP/USD has recovered some ground and floats around 1.2088 after data showed that Britain's economy expanded 0.3% in January after December's -0.5%. Nevertheless, we will be watching out for UK labour market and wage data due to be released soon.

| To | S2 | S1 | Indicative | R1 | R2 |
|---------|--------|--------|------------|--------|--------|
| GBP/MYR | 5.3739 | 5.4109 | 5.4477 | 5.4603 | 5.4734 |

AUD/MYR
AUD/MYR Neutral-to-Slightly Bullish


AUD opened 0.71% higher at 2.9984 but retreated to 2.9857 at the point of writing. Daily outlook is neutral to slightly bullish given the advance in AUD. Nevertheless, the latest dovish hike of the RBA may gain attention if Thursday's headline Aussie employment data and RBA Bulletin print downbeat outcomes.

| | S2 | S1 | Indicative | R1 | R2 |
|---------|-----------|-----------|-------------------|-----------|-----------|
| AUD/MYR | 2.9433 | 2.9648 | 2.9857 | 2.9988 | 3.0110 |

Source: Bloomberg, HLBB Global Markets Research

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