14 April 2023

Global Markets Research

Daily Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Bearish

USD/MYR opened 0.02% lower at 4.4000 and slid to 4.3868 at the point of writing. Daily outlook is bearish given MYR strength vis-à-vis most G10 and regional currencies, most of all against the USD. On the US front, DXY tumbled overnight as producer prices dipped below forecast to its lowest since January 2021 and cementing expectations of a near-end in tightening cycle. Tonight, big US banks are to set announce its 1Q earnings while Census Bureau will release the retail sales data and expectations is that it will stay lacklustre at -0.4%.

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

USD/MYR outlook is neutral to slightly bearish amid increasing signs of USD weakness torn between dampened Fed rate hike/cut expectations and haven demand given the greenback's dominant position as the world reserves currency. There are tentative signs growth in the US economy is losing its resiliency and recent price reports reaffirm that inflation is tapering off, probably slightly more than expected. Tightening financial conditions and liquidity concerns triggered by the recent banking rout further weakened the case for further policy tightening, and shall exert pressure on the USD. On the domestic front, the SVB and financial markets jitters appeared muted and contained for now while growth prospect remained decent. 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	4.3690	4.3809	4.3868	4.4077	4.4145

USD/SGD

USD/SGD Neutral

USD/SGD opened 0.01% lower at 1.3220, spiked to as high as 1.3276 before quickly retreated to 1.3239 at the point of writing post announcement of MAS policy decision as well as disappointing 1Q GDP data. We are neutral on this pair in a tug-of-war between USD and SGD weakness today,

	S2	S1	Indicative	R1	R2
USD/SGD	1.3166	1.3193	1.3239	1.3265	1.3382

MYR Crosses

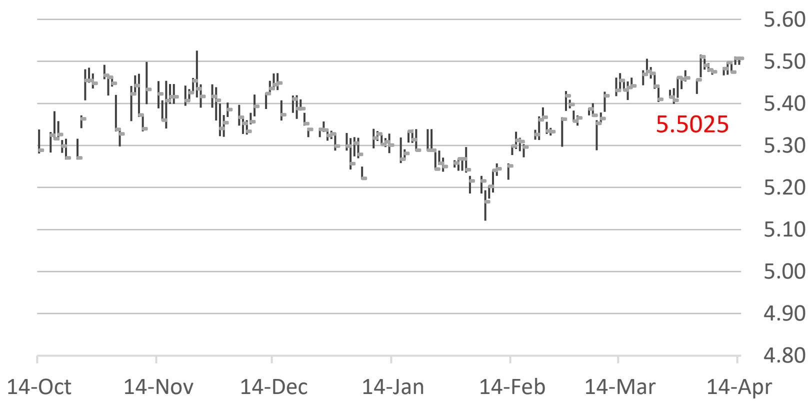
SGD/MYR

SGD/MYR Neutral-to-Slightly Bearish

SGD/MYR opened 0.24% higher at 3.3285, quickly plunged to 3.3078 before retracing slightly to 3.3132 at the of writing. Trading has been volatile this morning as the SGD is battered by the weaker than expected Singapore's 1Q GDP as well as the hold in MAS' policy band. Consequently, SGD has weakened against most G10 and regional currencies.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.3012	3.3099	3.3132	3.3239	3.3273

GBP/MYR

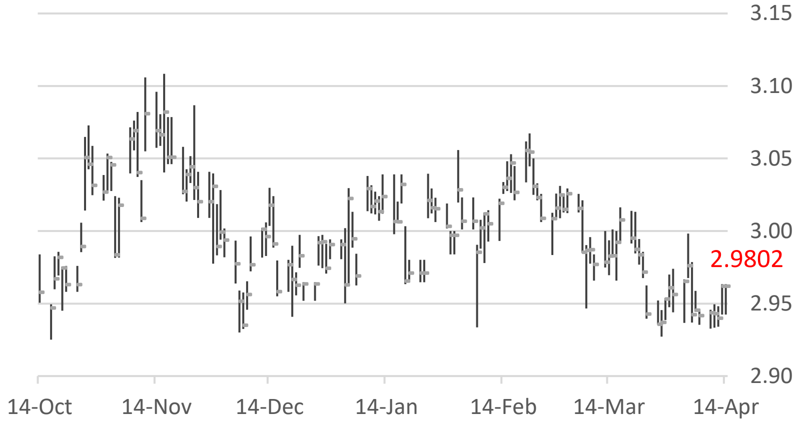


GBP/MYR Neutral-to-Slightly Bearish

GBP/MYR opened 0.07% higher at 5.5116, pared its gains to 5.4961 before rebounding to 5.5025 at the point of writing. This is a shade below previous day's close. We are neutral-to-slightly bearish on this pair given GBP's lacklustre performance this morning, weighed down by an unexpected stall in February's GDP.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4849	5.4964	5.5025	5.5157	5.5235

AUD/MYR



AUD/MYR Slightly Bullish

AUD opened 0.80% higher at 2.9855 and has since fluctuated around the 2.98 handle before settling at 2.9802 at the point of writing. Daily outlook is slightly bullish as we saw AUD flirting with the 0.6780-0.6800 level early Friday morning, supported by a favourable Employment Change data as well as unexpected jump in China's export numbers to 14.8%.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9545	2.9648	2.9802	2.9908	3.0000

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