

15 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 0.21% lower at 4.4775, rebounded slightly to 4.4830 before retracing back to 4.4795 at the point of writing. Daily outlook is neutral-to-slightly bearish on MYR strength vis-à-vis most G10 and regional currencies. Overnight, US core-CPI topped estimate with a 0.5% m/m gain. With the banking crisis angst easing somewhat, market is reviving bets that the Federal Reserve may raise its benchmark rate by 25bps next week, capping any major sways to the pair. We will however, be watching out for the US retail sales tonight for any clues on consumer spending strength.

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 should somewhat limit the 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, and now CPI. However, the latest bank rout and market nervousness could potentially sway the Fed policy tightening path. We now see risks to our house view for three more rate hikes in the quantum of 25bps each in the next three upcoming meetings. On the domestic front, with the likelihood of inflationary concerns overshadowing growth risks, there is 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. That said, the SVB jitters could swing this view should it turn into a systemic issue for the global financial markets.

	S2	S1	Indicative	R1	R2
USD/MYR	4.4705	4.4750	4.4795	4.4995	4.5195

USD/SGD



USD/SGD Neutral

USD/SGD opened flat at 1.3451, traded rangebound before settling slightly higher at 1.3454 at the point of writing. Daily outlook is neutral with investors looking at US retail sales for reaffirmation of Fed's next move. On the Singapore front, investors should be watching out for the NODX data due later in the week as well as the bi-annual monetary policy meeting in April.

To	S2	S1	Indicative	R1	R2
USD/SGD	1.3390	1.3418	1.3454	1.3477	1.3502

MYR Crosses

SGD/MYR



SGD/MYR Neutral

SGD/MYR opened 0.18% higher at 3.3331 but slipped to 3.3306 at the point of writing. We are neutral on this pair with a tug of war between SGD and MYR strength as well as investors staying cautious ahead of Malaysia as well as Singapore's trade numbers this week.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.3156	3.3193	3.3306	3.3310	3.3333

GBP/MYR



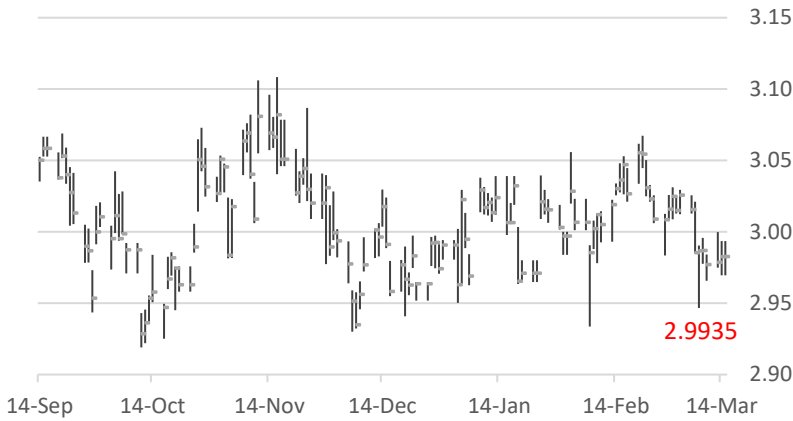
GBP/MYR Neutral-to-Slightly Bearish

GBP/MYR opened 0.05% lower at 5.4483 and slid to 5.4404 at the point of writing. Daily outlook is neutral-to-slightly bearish on MYR strength as well the slowdown in Pound rally after inflation outpaced wages. However, we will be closely watching for British Finance Minister (Chancellor) Jeremy Hunt Spring Budget today for any significant measures that could boost the economy after shocks from Brexit, COVID-19 hit, double-digit inflation as workers strike.

To	S2	S1	Indicative	R1	R2
GBP/MYR	5.3892	5.4175	5.4404	5.4566	5.4671

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

AUD opened 0.61% higher at 2.9991 but softened slightly to 2.9935 at the point of writing. Daily outlook is neutral-to-slightly bullish on AUD strength, supported by mixed China data. Unlike the US who is currently focused on SVB collapse, Australia's economic outlook will be scrutinized by the RBA for rate hikes in its next policy meeting. As it is, expectations is that RBA will deliver another 25bps increase.



	S2	S1	Indicative	R1	R2
AUD/MYR	2.9546	2.9732	2.9935	2.9996	3.0081

Source: Bloomberg, HLBB Global Markets Research

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