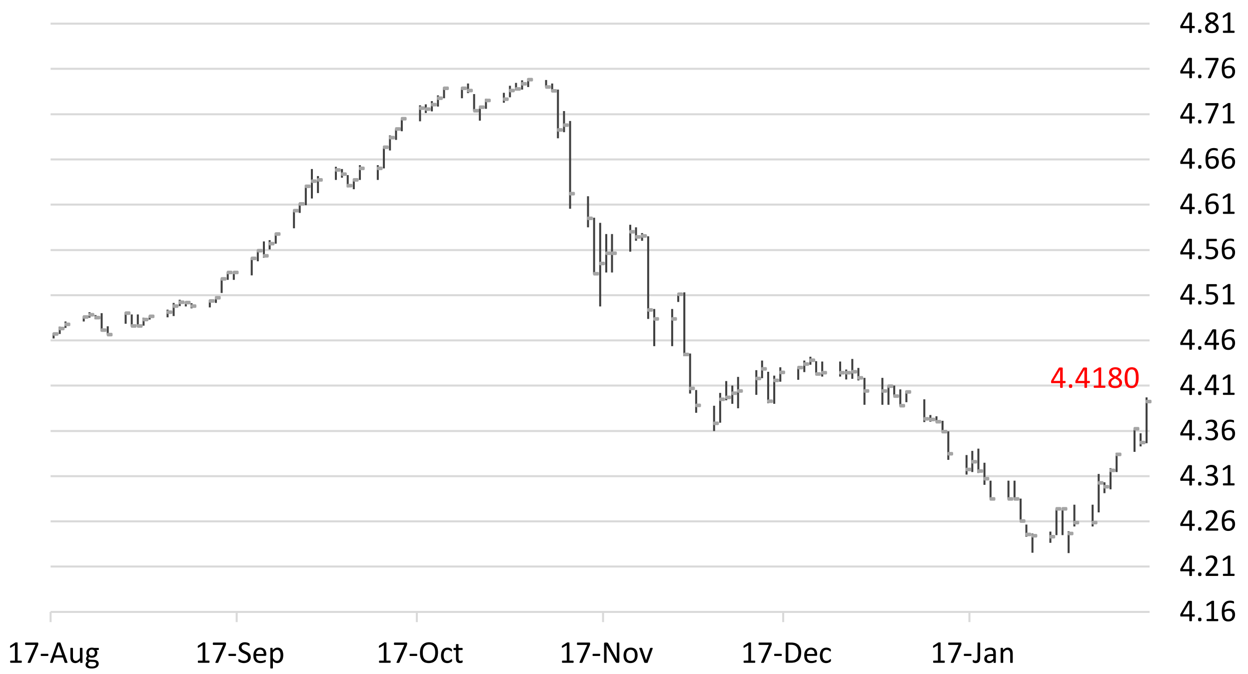
16 February 2023

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts –Bullish

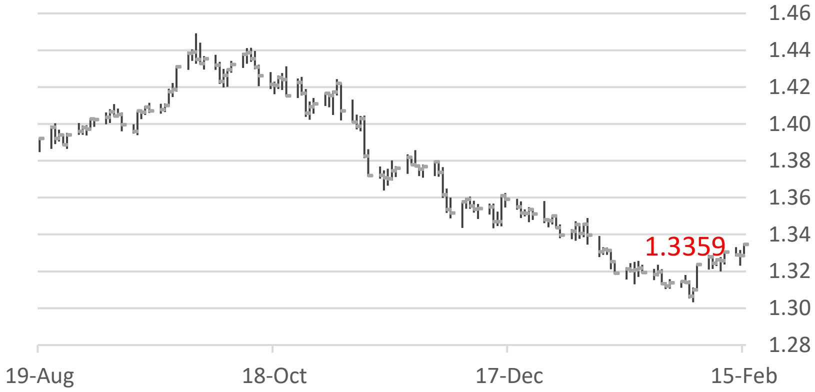
USD/MYR opened 0.04% higher at 4.3940 and trended upwards to 4.4180 at the point of writing. Daily outlook is bullish given USD strength overnight. The Dollar Index rose to a 6-week high in intraday trading before closing the day 0.7% d/d higher at 103.92 overnight after US retail sales data surprised on the upside and logged the largest gain since March 2021. At the same time, MYR seemed to have display weakness vis-à-vis G10 and regional peers. Key data to watch out for tonight is the housing starts and building permit numbers as well as producer prices.

1-Month Outlook – USD/MYR Neutral

USD/ MYR outlook is neutral as the USD may still be supported by hawkish Fed rhetoric although the Fed pivoted to a slower 25bps hike at the latest FOMC meeting just concluded on 1 February. The Fed slowed its rate hike pace to 25bps but the committee anticipates that the ongoing increases in the target range will be appropriate. The committee added that the extent of future increases will depend on a number of factors, including cumulative tightening of monetary policy. It has previously tied the “pace” of future increases to these factors. As it is, we expect more hikes are in store, but the end of the hiking cycle may be in sight. There is no change in our view that the Fed will increase its fed funds rate by another 25bps to 4.75%-5.00% at its March meeting, although expectations are rising again for more aggressive hikes after the hefty January NFP job creation cemented the case of a solid labour market. Budget tabling on 24 February will be the next key domestic event risk to watch.

	S2	S1	Indicative	R1	R2
USD/MYR	4.3845	4.3955	4.4180	4.4225	4.4435

USD/SGD



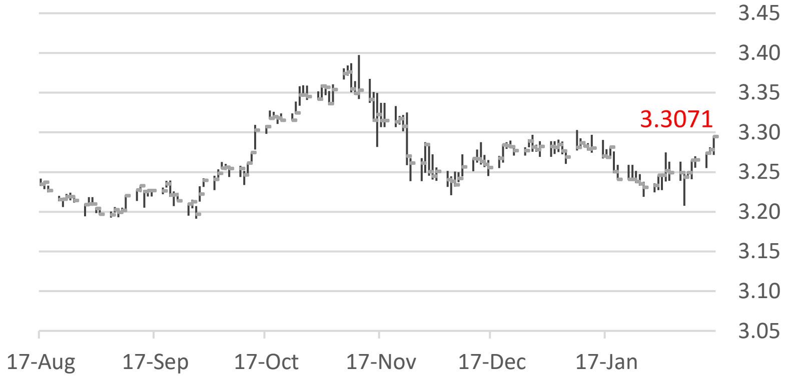
USD/SGD Neutral-to-Slightly Bullish

USD/SGD opened flat at 1.3359. Although it is currently trading unchanged at the point of writing, it see-sawed between the 1.3347-1.3368 range this morning. We are neutral-to-slightly bullish on this pair given USD strength overnight. Investors will also be looking out for Singapore's NODX data, which is expected to log double-digit contraction.

To	S2	S1	Indicative	R1	R2
USD/SGD	1.3280	1.3318	1.3359	1.3374	1.3402

MYR Crosses

SGD/MYR

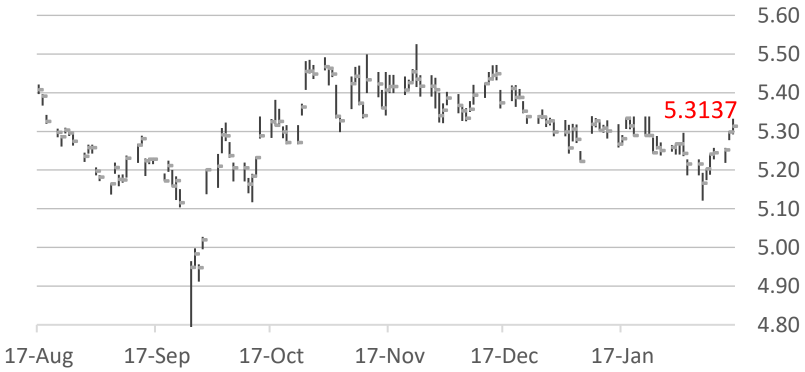


SGD/MYR Bullish

SGD/MYR opened 0.18% lower at 3.2886 but quickly rebounded to above previous close at 3.3071 at the point of writing. Daily outlook is bullish on the back the MYR weakness. This could be attributable to the softer oil prices for the past 3 days and on the back that India's palm oil imports fell to the lowest since July 2021. India is a major buyer of Malaysia's palm oil.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.2999	3.3028	3.3071	3.3120	3.3159

GBP/MYR

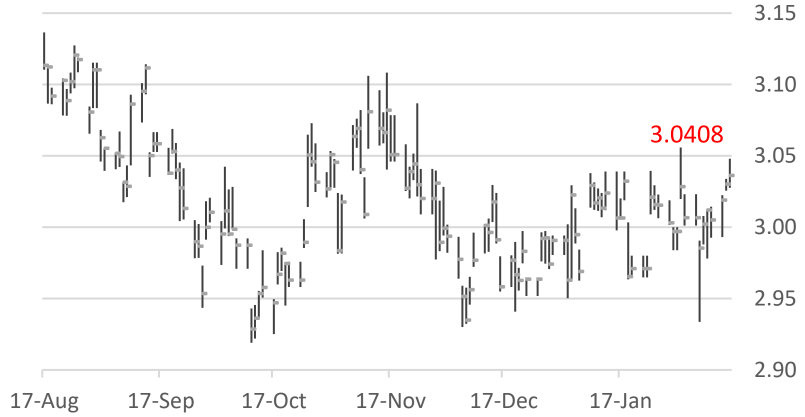


GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.45% lower at 5.2879 but rebounded to above previous close at 5.3137 at the point of writing. Daily outlook is neutral-to-slightly bullish given that the pair managed to recoup its losses despite the significant lower opening. Key risk to this pair was the bigger-than-expected moderation in British inflation overnight which led investors into believing that the BOE might curtail its interest rate hiking cycle.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.2545	5.2850	5.3137	5.3277	5.3407

AUD/MYR



AUD/MYR Neutral-to-Slightly Bullish

AUD opened 0.07% lower at 3.0339, pared its losses and rebounded to 3.0408 at the point of writing. Daily outlook is neutral to slightly bullish. However, we believe upside in the pair could be limited given that AUD has come under pressure after data showed the Australian economy shed jobs for a second month.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9954	3.0204	3.0408	3.0700	3.0950

Source: Bloomberg, HLBB Global Markets Research

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