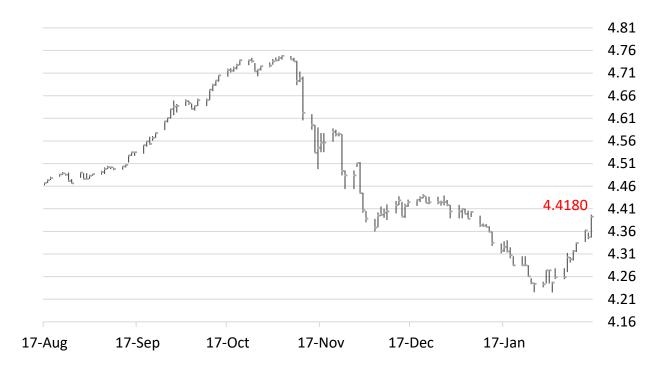


16 February 2023

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 seesawed 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.

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

MYR Crosses

SGD/MYR

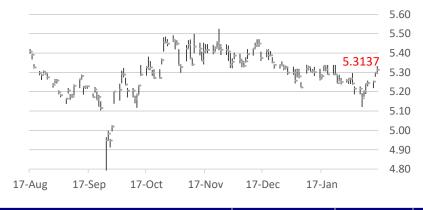


SGD/MYR Bullish

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.

То	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



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

DISCLAIMER

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter.

Potential and actual conflict of interest may arise from the activities of HLB Group. HLB Group constitute a diversified financial services group. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and other activities for their own account or the account of others. In the ordinary course of their business, HLB Group may effect transactions for their own account or for the account of their customers and hold long or short positions in the financial instruments. HLB Group, in connection with its business activities, may possess or acquire material information about the financial instruments. Such activities and information may involve or have an effect on the financial instruments. HLB Group have no obligation to disclose such information about the financial instruments or their activities.

The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.