18 April 2023

Global Markets Research

Daily Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Slightly Bullish

USD/MYR opened 0.17% higher at 4.4300 and strengthened to 4.4365 at the point of writing. Daily outlook is slightly bullish on the back of USD strength after markets priced in a more hawkish Fed outlook. This came after the surprised jump in Empire Manufacturing, which broke 4 months of sequential contraction. Richmond Fed President Thomas Barkin also commented that he would want to see more evidence of inflation settling back to its target 2%, thus supporting greenback today. Domestically, the overnight drop in oil prices also do not bode well for MYR.

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

USD/MYR outlook is neutral to slightly bearish amid expectations 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	4.4074	4.4150	4.4365	4.4430	4.4475

USD/SGD

USD/SGD Neutral

USD/SGD opened 0.01% higher at 1.3343 and traded little changed at 1.3344 at the point of writing. Daily outlook is neutral. As expected, the recent weakness in SGD post-MAS and 1Q GDP proved shortlived as SGD has always been favoured over its Asian peers.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3241	1.3291	1.3344	1.3375	1.3409

MYR Crosses

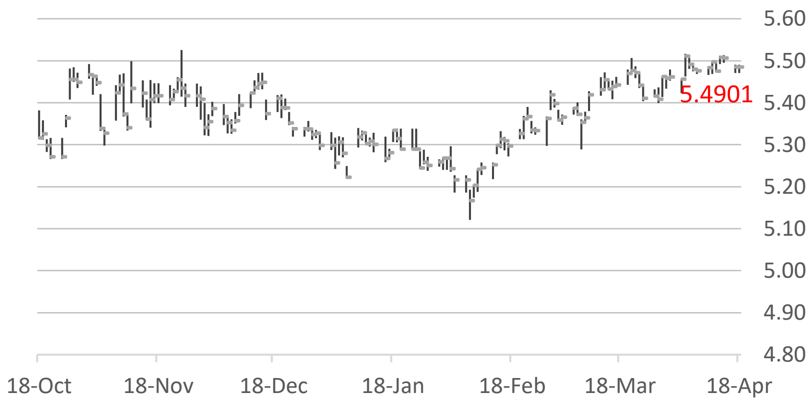
SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.21% lower at 3.3147 but rebounded to 3.3257 at the point of writing. We are neutral-to-slightly bullish on this pair given resiliency in SGD and MYR weakness this morning. Key risk will be Malaysia's exports and CPI data later in the week, where consensus is expecting exports to turn contractionary at -2.0%, while inflation set to decelerate to 3.6%, both of which does not bode well for MYR.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.2973	3.3096	3.3257	3.3285	3.3351

GBP/MYR

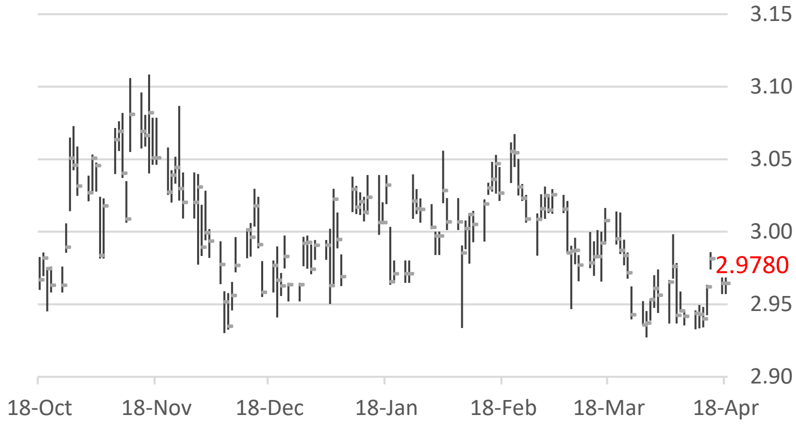


GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.22% lower at 5.4724 but quickly pared its loss to trade higher at 5.4901 at the point of writing. Daily outlook is neutral-to-slightly bullish, given the upper trajectory subsequent to opening. Domestically, the overnight drop in oil prices also do not bode well for MYR, while GBP remained sideline around 1.2380. Today, British unemployment rate will be highly watched with expectations that it will stay stable at 3.7%.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4464	5.4640	5.4901	5.4978	5.5112

AUD/MYR



AUD/MYR Neutral-to-Slightly Bullish

AUD opened 0.04% lower at 2.9629 but trended up slightly to 2.9780 at the point of writing. Daily outlook is neutral to slightly bullish after China's 1Q GDP came above forecast at 4.5% while the latest RBA minutes showed that the central bankers has considered another 25bps rate hike before deciding to pause to awaiting more information on inflation, labour market and household spending.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9436	2.9539	2.9780	2.9788	2.9964

Source: Bloomberg, HLBB Global Markets Research

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