

19 January 2023

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral

USD/MYR opened 0.04% lower at 4.3142 but rebounded above previous close at 4.3235 at the point of writing. We are neutral on this pair, noting the slightly upper trajectory post opening but expect any gains to be limited as investors’ mood is dampened by the job cuts by Microsoft and Amazon as well as disappointing US economic data overnight. Investors will also stay cautious ahead of the BNM MPC announcement scheduled at 3pm today, where we are expecting a 25bps hike.

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

USD/ MYR outlook is skewed to the bearish side amid expectations of further retreat in the USD. The smaller but expected 50bps Fed rate hike in December, and reaffirmation from Fed Chair Powell that the Fed will slow the pace of rate hike marks the beginning of Fed policy pivot, and shall continue to dampen USD outlook going forward, hence benefitting the G10s and other EM currencies. Abatement in local political noises and favorable economic fundamentals domestically should also keep the MYR supported. The pair has broken below 4.35 and looks set to head towards 4.20-4.30 next. Budget tabling on 24 February will be the next key domestic event risk to watch.

	S2	S1	Indicative	R1	R2
USD/MYR	4.2913	4.3068	4.3235	4.3378	4.3525

USD/SGD

USD/SGD Neutral-to-Slightly Bullish



USD/SGD opened flattish at 1.3207 but spiked to 1.3221 at the point of writing. Daily outlook is neutral, noting the slightly upper trajectory post opening but expect any gains to be capped given damped investors sentiment in the US. There is also lack of catalyst on the Singapore front.

To	S2	S1	Indicative	R1	R2
USD/SGD	1.3170	1.3203	1.3221	1.3269	1.3304

MYR Crosses

SGD/MYR

SGD/MYR Slightly Bearish

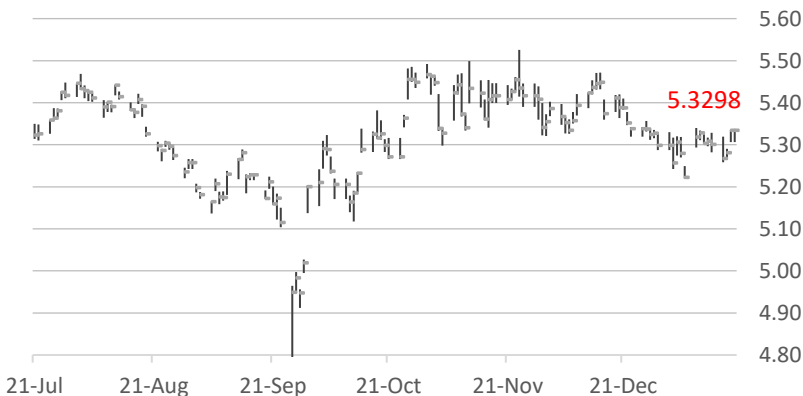


SGD/MYR opened 0.37% lower at 3.2691 and dipped further to 3.2639 at the point of writing. Because of this, we are slightly bearish on this pair. Key risk will be the BNM MPC decision and this could sway the pair this afternoon. Should BNM deliver a dovish hike, this should reverse the downward trend for this pair and vice-versa.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.2560	3.2603	3.2639	3.2687	3.2729

GBP/MYR

GBP/MYR Neutral



GBP/MYR opened 0.09% lower at 5.3288 and has largely stay unchanged at 5.3298 at the point of writing. Daily outlook is neutral because of this as well as investors staying pat ahead of BNM MPC meeting. We note that GBP has weakened against most regional currencies, but we expect sterling to continue to be supported by expectations that BOE will continue to hike its interest rates.

To	S2	S1	Indicative	R1	R2
GBP/MYR	5.3077	5.3168	5.3298	5.3600	5.3910

AUD/MYR

AUD/MYR Bearish

AUD opened 1.16% lower at 2.9969 and weakened further to 2.9907 at the point of writing. On top of that, AUD depreciated against most G10 and regional currencies except for the Norwegian Krone and Thai Baht. We are bearish on this pair. Australian employment data also came below expectations this morning, and this does not bode well for the AUD.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9419	2.9689	2.9907	3.0075	3.0213

Source: Bloomberg, HLBB Global Markets Research

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