

20 January 2023

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bearish

USD/MYR opened 0.05% lower at 4.3050 and slipped to 4.3010 at the point of writing. Daily outlook is neutral-to-slightly bearish on account of the lower opening and downward trajectory subsequent to that. We also expect market to stay relatively quiet ahead of the long weekend. While we note that MYR has strengthened against all regional and G10 currencies this morning with the exception of Thai baht, BNM's rate pause is expected to exert downward pressure on the ringgit, capping any bearishness in USD/MYR.

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	4.2908	4.2965	4.3010	4.3068	4.3125

USD/SGD

USD/SGD Neutral-to-Slightly bullish

USD/SGD opened flat at 1.3217 but has since trended slightly higher to 1.3225 at the point of writing. Daily outlook is neutral-to-slightly bullish on the back of SGD weakness against most G10 and regional currencies while the USD has strengthened against its G10 peers save CAD.



To	S2	S1	Indicative	R1	R2
USD/SGD	1.3154	1.3197	1.3225	1.3258	1.3304

MYR Crosses

SGD/MYR

SGD/MYR Neutral-to-Slightly Bearish

SGD/MYR opened 0.28% higher 3.2593 but quickly retraced to below previous close at 3.2455 at the point of writing. As explained, SGD seemed to be displaying weakness this morning while the opposite holds true for MYR. As such, we have a neutral-to-slightly bearish outlook for this pair.

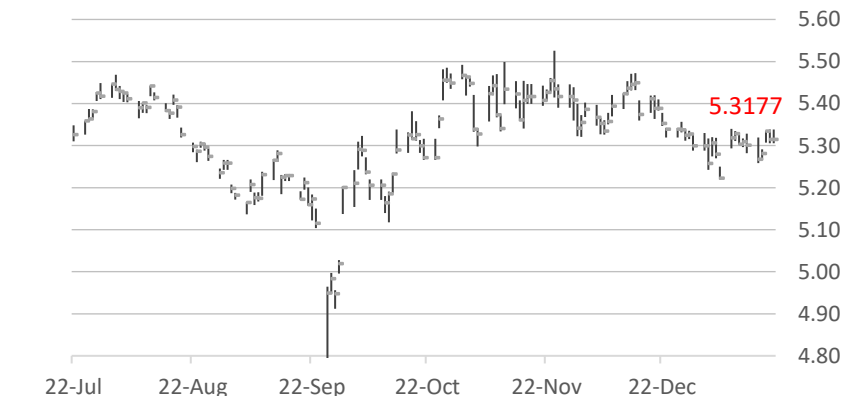


To	S2	S1	Indicative	R1	R2
SGD/MYR	3.2383	3.2421	3.2455	3.2505	3.2544

GBP/MYR

GBP/MYR Neutral

GBP/MYR opened 0.46% higher at 5.3383 but retreated to 5.3177 at the point of writing. This is still a shade higher than previous close. Daily outlook is neutral as GBP has weakened against most regional and major currencies. Sterling has been unable to really take off on its own accord despite the CPI data staying at its 40-year highs, reaffirming expectations of another 50bps hike in February.



	S2	S1	Indicative	R1	R2
GBP/MYR	5.2787	5.2878	5.3177	5.3281	5.3593

AUD/MYR



AUD/MYR Neutral-to-Slightly Bullish

AUD opened 0.41% higher at 2.9776 but retreated to 2.9731 at the point of writing. Daily outlook is neutral to slightly bullish on account of the higher opening but we believe any gains will be capped given that AUD has weakened against its G10 peers, probably due to the weak employment indicator released yesterday.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9120	2.9420	2.9731	2.9813	2.9910

Source: Bloomberg, HLBB Global Markets Research

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