20 February 2023

Global Markets Research

Daily Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly bearish

USD/MYR opened 0.03% lower at 4.4335 and dipped further to 4.4275 at the point of writing. Daily outlook is neutral-to-slightly bearish because of this. Key risk to this pair today will be the release of Malaysia's trade numbers due at noon as well as heightened political concerns after North Korea is suspected to have launched 2 ballistic missiles into the Sea of Japan. Investors will also be watching out for the latest FOMC meeting minutes followed by Malaysia's Budget retabling on 24 February this week.

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 committee added that the extent of future increases will depend on a number of factors, including cumulative tightening of monetary policy. 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, higher than expected CPI and upside surprises in US retail sales.

	S2	S1	Indicative	R1	R2
USD/MYR	4.4175	4.4220	4.4275	4.4468	4.4673

USD/SGD

USD/SGD Neutral-to-Slightly Bullish

USD/SGD opened 0.01% higher at 1.3365 and hovered at 1.3373 at the point of writing. Daily outlook is neutral-to-slightly bullish as a hawkish Fed, after the higher-than-anticipated US CPI, PPI, and retail sales data, as well as heightened geopolitical concerns should bolster appeal for the greenback.

To	S2	S1	Indicative	R1	R2
USD/SGD	1.3321	1.3348	1.3373	1.3401	1.3430

MYR Crosses

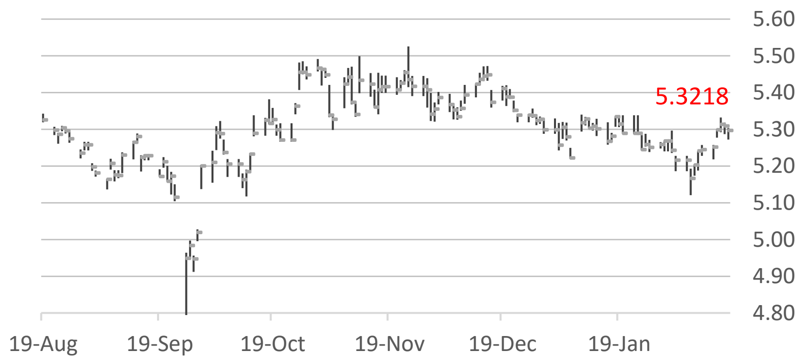
SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.24% higher at 3.3153 but retreated to 3.3108 at the point of writing. Still, this is above previous close and daily outlook is neutral-to-slightly bullish. After Singapore's weak NODX print last week, key risk for this pair will be the CPI and IPI data on Singapore's front.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.3006	3.3044	3.3108	3.3127	3.3166

GBP/MYR

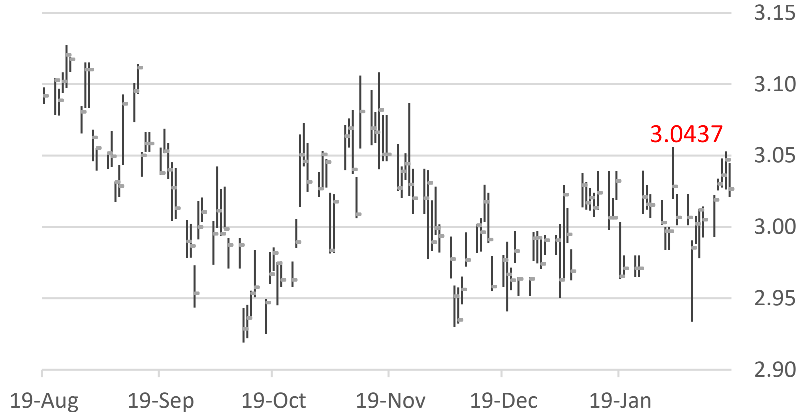


GBP/MYR Slightly Bullish

GBP/MYR opened 0.74% higher at 5.3322 but retreated slightly to 5.3218 at the point of writing. Daily outlook is slightly bullish given the higher opening. On the British front, GBP/USD has retreated towards the 1.2000 psychological magnet and floated around 1.2020. Economic data has been mixed last week, with the key risk for this pair this coming week being the PMI, Gfk consumer confidence and Nationwide house price.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.2977	5.3105	5.3218	5.3463	5.3693

AUD/MYR



AUD/MYR Slightly Bullish

AUD opened 0.65% higher at 3.0447 and but retreated somewhat to 3.0437 at the point of writing. Daily outlook is slightly bullish given the higher opening. On the Australian front, we will be watching out for the RBA minutes, PMI and Westpac Leading Index as well as development on the geopolitical front. As it is, the US ambassador to the United Nations, Ambassador Linda Thomas-Greenfield, said Sunday that China would cross a "red line" if the country decided to provide lethal military aid to Russia for its invasion of Ukraine. This might impact the market sentiment ahead and risk-perceived currencies like AUD could face the heat.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0130	3.0340	3.0437	3.0669	3.0879

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

themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.