

21 March 2023

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts –Slightly Bearish

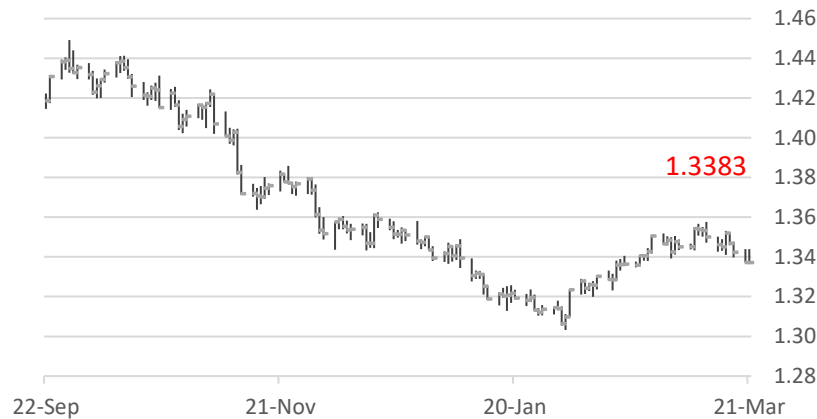
USD/MYR opened 0.24% lower at 4.4750 and dipped further to 4.4725 at the point of writing. Daily outlook is slightly bearish as the DXY is expected to settle on a negative note as investors are still ambiguous about Fed’s monetary policy. In contrast, MYR has strengthened vis-a-vis G10 currencies after a rebound in oil prices overnight and a better-than-expected export data. No doubt, Malaysia’s trade numbers are subject to downside risk going forward given the heightened financial risks and its potential contagion globally.

1-Month Outlook – USD/MYR Neutral

USD/MYR outlook is neutral on the back of a sustained USD torn between possible dampened Fed rate hike/ cut expectations and haven demand given the greenback’s dominant position as the world reserves currency. While the US economy has shown signs of resiliency and easing inflation (though inflation has not been tapering off as fast as the Fed would like), recent banking rout triggered by the collapse of regional banks in the US have raised concern over tighter financial conditions and liquidity risks. This may potentially sway the Fed policy tightening path, hence exerting pressure on the USD. On the domestic front, the SVB and financial markets jitters could also dampen the case for further policy normalization by BNM, hence keeping the pair on a neutral outlook.

	S2	S1	Indicative	R1	R2
USD/MYR	4.4461	4.4686	4.4725	4.4825	4.4890

USD/SGD



USD/SGD Neutral

USD/SGD opened flat at 1.3371 and was hovering around 1.3383 at the point of writing. However, we believe that an uptrend is not sustainable at this juncture given our expectations of a weak USD as investors stay cautious ahead of the FOMC meeting. On the Singapore front, key data to watch out for will be CPI and IPI.

To	S2	S1	Indicative	R1	R2
USD/SGD	1.3330	1.3359	1.3383	1.3415	1.3442

MYR Crosses

SGD/MYR

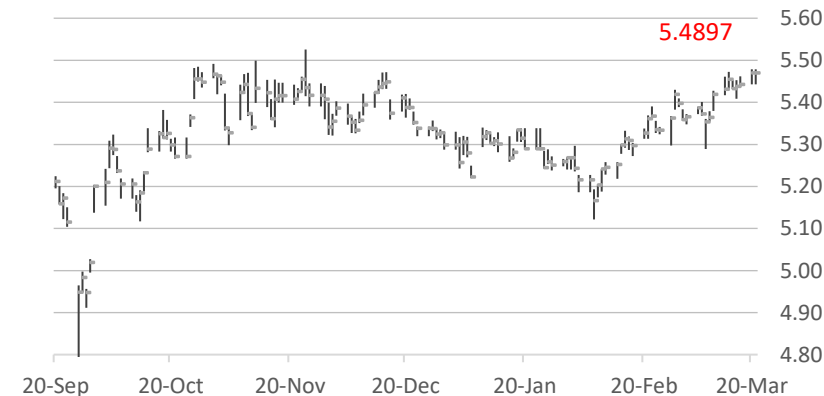


SGD/MYR Neutral-to-Slightly Bearish

SGD/MYR opened 0.31% higher at 3.3534 but quickly retraced to below previous close at 3.3422 at the point of writing. As SGD has weakened while MYR strengthened against regional currencies saved for the PHP, we are neutral-to-slightly bearish on this pair. As mentioned earlier, the latter has benefitted from high oil prices and export growth data recently, while the former is awaiting key CPI and IPI data.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.3381	3.3408	3.3422	3.3462	3.3490

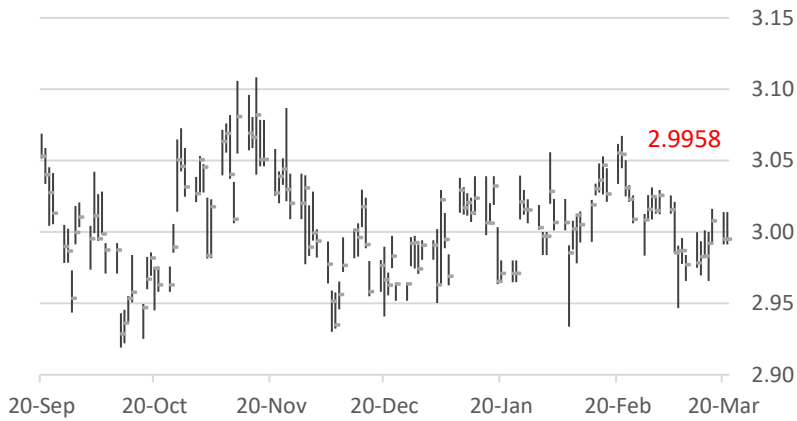
GBP/MYR



GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.67% higher at 5.5063 but retreated slightly to 5.4897 at the point of writing. Daily outlook is neutral-to-slightly bullish as GBP/USD has recovered some ground and is floating around 1.2274. The street is also anticipating an announcement of a 25bps rate hike by the BOE this week, pushing policy rates to 4.25%, reigning on inflation but supporting pounds.

To	S2	S1	Indicative	R1	R2
GBP/MYR	5.4209	5.4559	5.4897	5.5038	5.5165

AUD/MYR

AUD/MYR Neutral-to-Slightly Bearish

AUD opened 0.60% higher at 3.0128 but quickly pared its gains to retreat to 2.9958 at the point of writing. This is just a shade lower than previous close. We are neutral-to-slightly bearish on this pair given that AUD has weakened vis-à-vis its G10 peers. More importantly, RBA’s minutes this morning showed that policy pause is back on the table as the economy slows, explaining the retreat in the pair. It should be highlighted that the minutes is in contrast with cautious optimism shown by Christopher Kent, RBA Assistant Governor (Financial Markets).

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9590	2.9785	2.9958	3.0175	3.0308

Source: Bloomberg, HLBB Global Markets Research

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