

22 March 2023

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

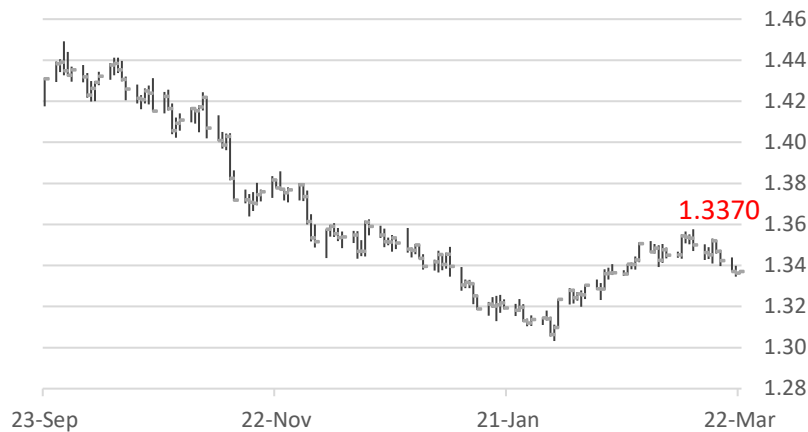
Intraday Thoughts – Neutral

USD/MYR opened 0.02% higher at 4.4700 and has traded within a narrow range of 4.4688 and 4.4722 at the point of writing. Daily outlook is neutral with the pair currently at 4.4698. While investors’ fears have somewhat calmed and shares in US banks have stabilised for now, uncertainty around the potential outcome of Fed Chair Jerome Powell’s press conference could cause instability in financial markets and thus, we believe that investors will stay cautious ahead of this. As it is, money market futures is pricing a 83.4% chance for a 25bps increase in the fed funds rate tonight.

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	4.4420	4.4631	4.4698	4.4873	4.5035

USD/SGD
USD/SGD Neutral-to-Slightly Bullish


USD/SGD opened flat at 1.3363 but was hovering around 1.3370 at the point of writing. Daily outlook is neutral-to-slightly bullish as SGD has weakened against most G10 and regional currencies. On the Singapore front, key data to watch for will be the CPI data due to be released this week for guidance on MAS policy next month. As it is, inflation rate is expected to decelerate to 6.4% in Feb from 6.6% previously, but core inflation is expected to pick up from 5.5% to 5.8%.

To	S2	S1	Indicative	R1	R2
USD/SGD	1.3313	1.3340	1.3370	1.3392	1.3421

MYR Crosses
SGD/MYR
SGD/MYR Neutral


SGD/MYR opened 0.01% lower at 3.3430, slid to 3.3402 before rebounding to 3.3442 at the point of writing. Daily outlook is neutral. After Singapore's CPI, the next indicator to watch out for will be Malaysia's CPI due to be released on 24th March. Similarly, inflation is forecasted to decelerate slightly by 0.1ppts to 3.6%. For today, we do not expect any swings to this pair with the looming FOMC meeting.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.3382	3.3420	3.3442	3.3497	3.3536

GBP/MYR
GBP/MYR Neutral-to-Slightly Bearish


GBP/MYR opened 0.23% lower at 5.4649 and slid to 5.4624 at the point of writing. Daily outlook is neutral-to-slightly bearish as GBP has weakened overnight as traders reckoned banking stress would deter the Federal Reserve and the Bank of England from hiking rates much further. Also in the picture is Brexit voting in the UK's House of Commons as well as February's CPI numbers.

To	S2	S1	Indicative	R1	R2
GBP/MYR	5.4000	5.4325	5.4624	5.4780	5.4893

AUD/MYR

AUD/MYR Neutral

AUD opened 0.08% lower at 2.9850, slid to as low as 2.9770 before retracing to 2.9863 at the point of writing. Daily outlook is neutral. While AUD weakened slightly post the release of the dovish-sounding RBA meeting minutes, the Australian central bank has continued to warn that it will continue to do whatever is necessary to bring inflation back into line, though did little to impress bulls or lend any support to the AUD/USD pair.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9590	2.9785	2.9863	3.0175	3.0308

Source: Bloomberg, HLBB Global Markets Research

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