

23 March 2023

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Slightly Bearish

USD/MYR opened flat at 4.4550 but slid to 4.4385 at the point of writing. Daily outlook is slightly bearish as a less hawkish Fed view does not bode well for the USD. At the same time, the greenback fallout will most likely provide a boost to emerging currencies including the MYR. In fact, we saw USD weakened mostly vis-à-vis G10 currencies while MYR has emerged stronger. Key risk for this pair for the rest of the week includes Malaysia's CPI data and on the US front, new home sales data, S&P PMIs as well as durable and capital goods orders.

1-Month Outlook – USD/MYR Neutral

USD/MYR outlook is neutral on the back of a sustained USD torn between 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 has swayed the Fed policy tightening path, with the Fed leaving the median terminal rate unchanged at 5.1% vs the December projection despite chatters of a higher than projected terminal rates by numerous Fed officials including Powell earlier, hence exerting pressure on the USD. On the domestic front, the SVB and financial markets jitters, if manifests, 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	4.4300	4.4345	4.4385	4.4607	4.4822

USD/SGD

USD/SGD Slightly Bearish

USD/SGD opened flat at 1.3306 and slid to 1.3281 at the point of writing. Daily outlook is neutral-to-slightly bearish on USD weakness. Singapore is set to release its February's inflation numbers this afternoon and this will be the last CPI data before MAS meets latest by 14 April. As it is, consensus is expecting core inflation to accelerate to 5.8%, while headline inflation soften to 6.4%.



To	S2	S1	Indicative	R1	R2
USD/SGD	1.3228	1.3256	1.3281	1.3312	1.3340

MYR Crosses

SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.35% higher at 3.3502 but retreated slightly to 3.3421 at the point of writing. Daily outlook is neutral to slightly bullish with CPI data on both sides of the border in focus. As this juncture, expectations are both readings are expected to soften to 6.4% and 3.6% for Singapore and Malaysia respectively.

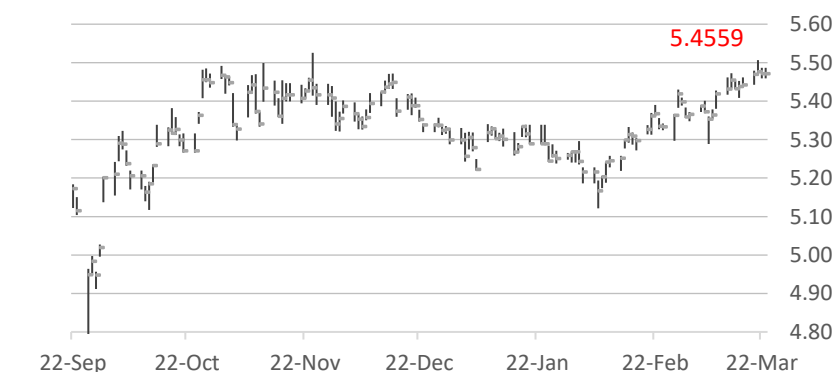


To	S2	S1	Indicative	R1	R2
SGD/MYR	3.3342	3.3380	3.3421	3.3458	3.3498

GBP/MYR

GBP/MYR Neutral-to-Slightly Bearish

GBP/MYR opened 0.08% lower at 5.4694 and dipped further to 5.4559 at the point of writing. Daily outlook is neutral-to-slightly bearish as GBP has weakened against G10 currencies while MYR has strengthened. Similar to FOMC, we will be watching out for the tone of BOE's statement today. A surprise acceleration in UK's CPI data yesterday has effectively bolstered case for a 25bps rate hike, thus capping any downside for this pair.



	S2	S1	Indicative	R1	R2
GBP/MYR	5.3940	5.4245	5.4559	5.4688	5.4809

AUD/MYR



AUD/MYR Neutral

AUD opened 0.01% higher at 2.9836 but U-turned and slid to 2.9803 at the point of writing. Daily outlook is neutral with dovish-sounding RBA meeting minutes in conflict with RBA's Governor Kent statement that banks are "unquestionably strong."

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9540	2.9622	2.9803	2.9876	3.0059

Source: Bloomberg, HLBB Global Markets Research

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