

24 March 2023

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bullish

USD/MYR opened flat at 4.4175 but strengthened to 4.4275 at the point of writing. Daily outlook is neutral-to-slightly bullish as USD has strengthened vis-à-vis G10 overnight. However, expectations of fewer rate hikes ahead would put a lid to USD rally. Tonight, investors will be watching out for durable goods data and consensus is expecting orders to edge up by 0.6% m/m against a contraction of 4.5% m/m previously. Malaysia CPI will be the key watch on the local front for the pair.

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	4.4036	4.4166	4.4275	4.4443	4.4638

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


USD/SGD opened flat at 1.3257 but moved up to 1.3281 at the point of writing. Daily outlook is neutral-to-slightly bullish on USD strength. As it is, DXY pared its earlier losses and closed 0.2% d/d higher overnight, setting for its first winning day after five straight days of losses. On the Singapore front, inflation miss paves way for MAS to maintain its SGD NEER policy next month and will keep a lid on SGD.

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


SGD/MYR opened 0.09% lower at 3.3271 but pared its losses to trade at 3.3321 at the point of writing. Daily outlook is neutral as both currencies have weakened against their regional peers. Both Singapore and Malaysia are also set to release key data today, with Singapore's IPI remained in contraction mode while Malaysia's CPI expected to soften further.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.3128	3.3215	3.3321	3.3458	3.3498

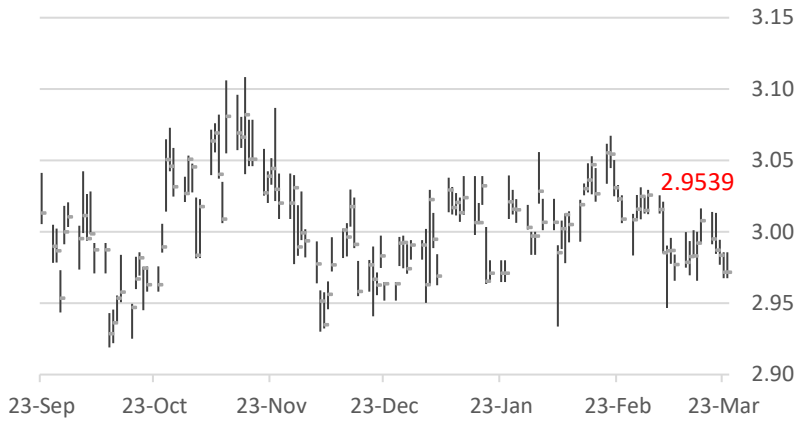
GBP/MYR
GBP/MYR Neutral-to-Slightly Bearish


GBP/MYR opened 0.30% lower at 5.4253, traded range bound and rebounded to 5.4317 at the point of writing. We are neutral-to-slightly bearish on this pair on GBP weakness vis-à-vis regional currencies. Nevertheless, data this morning showed that GfK Consumer Confidence remained contractionary but touched a 12-months high at -36. We also expect any significant loss to be capped given the better-than-expected 2Q GDP forecast in its latest policy statement, ceteris paribus.

To	S2	S1	Indicative	R1	R2
GBP/MYR	5.3940	5.4245	5.4317	5.4688	5.4809

AUD/MYR
AUD/MYR Neutral-to-Slightly Bearish

AUD opened 0.69% lower at 2.9515, slipped further to 2.9481 before rebounding to 2.9539 at the point of writing. Daily outlook is neutral-to-slightly bearish on AUD weakness vis-à-vis G10 and regional currencies. Data released this morning also does not bode well with AUD, with the Manufacturing PMI falling to 48.7 from 50.5 previously, while the Services PMI retreated to 48.2 from 50.7.



	S2	S1	Indicative	R1	R2
AUD/MYR	2.9387	2.9458	2.9539	2.9651	2.9795

Source: Bloomberg, HLBB Global Markets Research

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