25 April 2023

Global Markets Research

Daily Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bearish

USD/MYR opened 0.50% lower at 4.4150 but rebounded to 4.4320 at the point of writing. This is still below Thursday's close and we are neutral-to-slightly bearish on this pair on USD weakness. Overnight, DXY struggled and tested its more than 1-week low against its G10 peers as investors eyed a potentially slower 1Q GDP growth and lower PCE prices coming from the US later this week and continued to price in cuts in fed funds rate later this year. This comes after economic data released recently came below expectations, sending UST yields slower and the DXY sliding to 101.25 at the point of writing.

1-Month Outlook – USD/MYR Neutral-to-Slightly Bearish

USD/MYR outlook is neutral to slightly bearish amid expectations of USD weakness torn between dampened Fed rate hike/cut expectations and haven demand given the greenback's dominant position as the world reserves currency. There are tentative signs growth in the US economy is losing its resiliency and recent price reports reaffirm that inflation is tapering off, probably slightly more than expected. Tightening financial conditions and liquidity concerns triggered by the recent banking rout further weakened the case for further policy tightening, and shall exert pressure on the USD. On the domestic front, the SVB and financial markets jitters appeared muted and contained for now while growth prospect remained decent. With BNM assessment on a fairly balanced risk to growth outlook and upside risks to inflation, we believe odds remain for a further 25bps OPR hike by BNM, hence auguring well with MYR bulls.

	S2	S1	Indicative	R1	R2
USD/MYR	4.4188	4.4280	4.4320	4.4435	4.4498

USD/SGD

USD/SGD Neutral-to-Slightly Bearish

USD/SGD opened flat at 1.3334, fell to 1.3319 before retracing to 1.3325 at the point of writing. Daily outlook is neutral-to-slightly bearish on USD weakness. On top of US 1st tier economic data, key risk for this pair this week will be Singapore's IPI where expectations is that the contraction will soften to 6.1% y/y from 8.9% y/y previously.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3280	1.3312	1.3325	1.3355	1.3376

MYR Crosses

SGD/MYR

SGD/MYR Neutral

SGD/MYR opened 0.05% higher at 3.3292, dipped to 3.3189 before rebounding to 3.3273 at the point of writing. This is just a shade lower than Thursday's close and we are neutral on this pair as we expect investors to stay cautious ahead of the release of US's 1Q GDP and PCE-prices data at the end of the week.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.3235	3.3253	3.3273	3.3300	3.3329

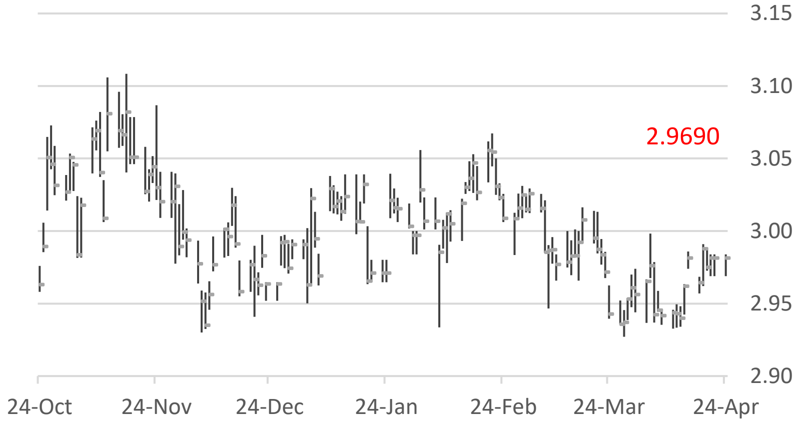
GBP/MYR

GBP/MYR Slightly Bullish

GBP/MYR opened 0.55% higher at 5.5462, fell to 5.5275 before strengthening back to 5.5394 at the point of writing. Daily outlook is slightly bullish given the higher opening as well as GBP strength. We also note that the MYR strength this morning was not sustainable as seen by most pairs taking a plunge post opening but quickly paring its losses.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.5073	5.5108	5.5394	5.5538	5.5665

AUD/MYR



AUD/MYR Slightly Bearish

AUD opened 0.22% lower at 2.9746 and slid to 2.9690 at the point of writing. Daily outlook is slightly bearish because of this as well as on the back that AUD was one of the worst G10 performers on Monday. The AUD/USD bottomed at 0.6665, the lowest level in twelve days. On the Australian front, key data to watch out for this week will be the 1Q CPI data, ahead of the RBA meet next week.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9528	2.9594	2.9690	2.9772	2.9894

Source: Bloomberg, HLBB Global Markets Research

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