

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

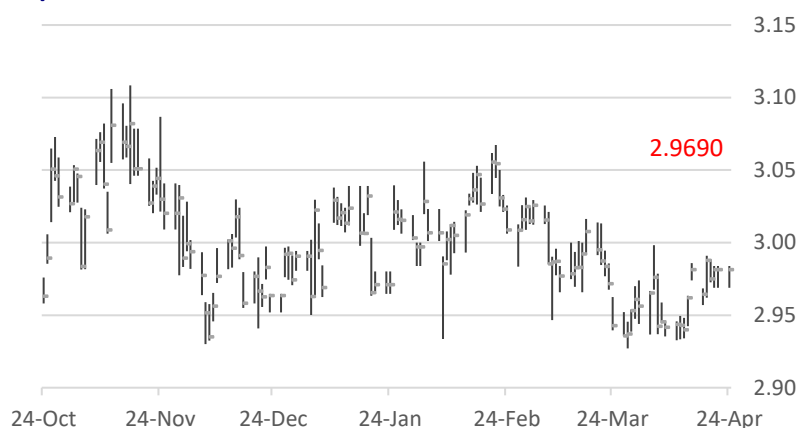
GBP/MYR Slightly Bullish

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

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my**DISCLAIMER**

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter.

Potential and actual conflict of interest may arise from the activities of HLB Group. HLB Group constitute a diversified financial services group. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and other activities for their own account or the account of others. In the ordinary course of their business, HLB Group may effect transactions for their own account or for the account of their customers and hold long or short positions in the financial instruments. HLB Group, in connection with its business activities, may possess or acquire material information about the financial instruments. Such activities and information may involve or have an effect on the financial instruments. HLB Group have no obligation to disclose such information about the financial instruments or their activities.

The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.