27 February 2023

Global Markets Research

Daily Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Bullish

USD/MYR opened 0.11% higher at 4.4400 and strengthened to 4.4608 at the point of writing. Daily outlook is bullish on the back of better demand for greenback driven by stronger US treasury yields and USD following the upside surprise in US core PCE reading last Friday. With a strong bag of US economic data recently, especially relating to core-PCE prices, we also do not foresee any change in the hawkish Federal Reserve tones in Fed speaks this coming week. Key risk for this pair will be US' ISM and final PMI readings, durable goods orders, Conference Board consumer confidence, regional Fed activity gauges as well as house prices this week.

1-Month Outlook – USD/MYR Neutral

USD/MYR outlook is neutral. US data largely surprised on the upside and the outsized January nonfarm job gains coupled with the higher-than-expected core-PCE prices have spurred rate hike bets, with odds of a 50bps Fed rate hike back in investors' radar. This was further reinforced by two Fed Presidents who said they were considering 50bps hike to battle inflation. We have tweaked our house view for three more 25bps hike to 5.25-5.50% in the next three upcoming FOMC meeting. This, coupled with telltale signs of a soft landing in the US economy, and that a recession could potentially be delayed or averted, shall continue to support the greenback. On the domestic front, the revised smaller budget deficit is mildly positive for the MYR. The decent growth outlook aside, potential upside risk to inflation shall support the case for further OPR hike by BNM, which would in turn augur well with MYR bulls, hence cushioning pressure from a strong USD.

	S2	S1	Indicative	R1	R2
USD/MYR	4.4327	4.4479	4.4608	4.4675	4.4720

USD/SGD

USD/SGD Neutral-to-Slightly Bearish

USD/SGD opened 0.13% lower at 1.3489, rebounded to 1.3505 at the point of writing but quickly retreated back to 1.3486 at the point of writing. Daily outlook is neutral-to-slightly bearish on the back of SGD strength vis-à-vis most G10 and regional currencies. The recent acceleration in Singapore's CPI has also renewed policy tightening talks, providing support for SGD.

To	S2	S1	Indicative	R1	R2
USD/SGD	1.3435	1.3462	1.3486	1.3515	1.3542

MYR Crosses

SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.39% lower at 3.2857 but rebounded to 3.3075 at the point of writing. Daily outlook is neutral-to-slightly bullish amid SGD strength and MYR weakness today.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.2992	3.3033	3.3075	3.3118	3.3160

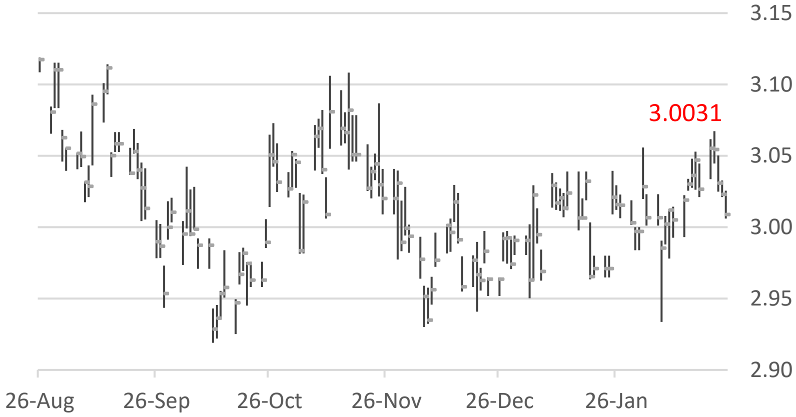
GBP/MYR

GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.61% lower at 5.3001 but quickly pared its losses to 5.3375 at the point of writing. This is a shade higher than its previous close and thus, we are neutral-to-slightly bullish on this pair. The GBP/USD pair has sensed a buying interest after Prime Minister Rishi Sunak launched a private charm offensive to win around influential Conservative Brexiteers to his compromise Northern Ireland Brexit deal.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.2918	5.3128	5.3375	5.3415	5.3625

AUD/MYR



AUD/MYR Neutral

AUD opened 0.74% lower at 2.9865 but quickly rebounded near its previous close at 3.0031 at the point of writing. Daily outlook is neutral given signs of a steadier AUD vis-a-vis regional and G10 currencies which offset the lower opening. AUD/USD 3is printing mild gains around 0.6735 currently, after last Friday's selloff post US core PCE. Last week's RBA minutes and comments from RBA Governor Philip Lowe, as well as Deputy Governor Guy Bullock, signalled further rate lifts are on the table.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0001	3.0022	3.0031	3.0063	3.0155

Source: Bloomberg, HLBB Global Markets Research

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