

28 March 2023

## Global Markets Research

### Daily Currency Outlook

#### USD/MYR



Source: Bloomberg, HLBB Global Markets Research

#### Intraday Thoughts – Neutral-to-Slightly Bearish

USD/MYR opened 0.12% higher at 4.4245 but plunged to 4.3960 at the point of writing. Daily outlook is neutral. Despite the stronger opening as emerging currencies traded lower with weak Chinese profits data denting risk appetite, MYR has rebounded and strengthened against the G10, supported by the jump in oil prices overnight. DXY has also corrected to near 102.83 as hopes for a sooner conclusion of the rate-hiking spell by the Fed are gaining traction. Fed Governor Philip Jefferson said on Monday, “Inflation ‘should fall back’ toward the Fed’s 2% target as higher interest rates discourage spending in interest-rate sensitive sectors of the economy like housing,” as reported by Reuters.

#### 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 | 4.3476 | 4.3784 | 4.3960     | 4.4103 | 4.4283 |

## USD/SGD

### USD/SGD Neutral-to-Slightly Bearish

USD/SGD opened flat at 1.3313 but slipped to 1.3293 at the point of writing, in line with the previous pair. Daily outlook is neutral to slightly bearish on USD weakness with any significant movement in the pair to be predominantly driven in the absence of economic data on the Singapore front.



| To      | S2     | S1     | Indicative | R1     | R2     |
|---------|--------|--------|------------|--------|--------|
| USD/SGD | 1.3237 | 1.3264 | 1.3293     | 1.3320 | 1.3348 |

## MYR Crosses

### SGD/MYR

### SGD/MYR Neutral-to-Slightly Bearish

SGD/MYR opened 0.17% higher at 3.3227 but weakened to 3.3026 at the point of writing. Daily outlook is neutral-to-slightly bearish on MYR strength this morning, vis-à-vis both G10 as well as regional currencies and supported by higher oil prices overnight. We also do not expect any major surprises in the BNM Annual Report tomorrow to swing this pair drastically.

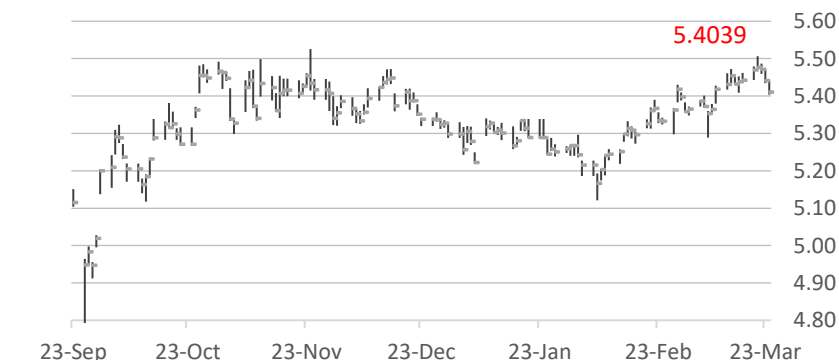


| To      | S2     | S1     | Indicative | R1     | R2     |
|---------|--------|--------|------------|--------|--------|
| SGD/MYR | 3.2974 | 3.3015 | 3.3026     | 3.3076 | 3.3115 |

### GBP/MYR

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

GBP/MYR opened 0.33% higher at 5.4371, but retreated to 5.4039 at the point of writing. We are neutral-to-slightly bearish on this pair today given MYR strength. Overnight, BOE Governor Andrew Bailey said that while there is evidence of encouraging progress on inflation, BOE has to be vigilant. He added that the risk of recession this year has gone down.



|         | S2     | S1     | Indicative | R1     | R2     |
|---------|--------|--------|------------|--------|--------|
| GBP/MYR | 5.3806 | 5.4029 | 5.4039     | 5.4340 | 5.4426 |

## AUD/MYR



## AUD/MYR Neutral

AUD opened 0.21% higher at 2.9440, strengthened to 2.9461 before slipping to 2.9319 at the point of writing after the release of the retail sales data. Daily outlook is neutral given the tug of war between MYR strength vs AUD. Matching expectations, data showed that Australian retail sales eked out a meagre 0.2% m/m gain in February, but we note a pull back on discretionary spending in response to high cost of living pressures.

|         | S2     | S1     | Indicative | R1     | R2     |
|---------|--------|--------|------------|--------|--------|
| AUD/MYR | 2.9180 | 2.9277 | 2.9319     | 2.9543 | 2.9728 |

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