29 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 0.02% lower at 4.4400 and dipped further to 4.3973 at the point of writing. Daily outlook is neutral-to-slightly bearish, in line with lower DXY as investors put on the risk-on cap. Moreover, MYR also strengthened against most G10 and regional currencies. Key highlight today will be the unveiling of the BNM annual Economic & Monetary Review and Financial Stability reports. We do not foresee any major surprises, with the central bank's GDP forecast expected to be largely in line with MOF's +4.5% for 2023; and inflation of 2.8-3.8%.

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	4.3649	4.3830	4.3973	4.4218	4.4425

USD/SGD

USD/SGD Neutral-to-Slightly Bullish

USD/SGD opened 0.01% higher at 1.3274 and was hovering at 1.3278 at the point of writing. Daily outlook is neutral-to-slightly bullish with the key risk for this pair being the housing numbers from the US, namely mortgage applications as well pending home sales data.

To	S2	S1	Indicative	R1	R2
USD/SGD	1.3244	1.3259	1.3278	1.3301	1.3328

MYR Crosses

SGD/MYR

SGD/MYR Neutral-to-Slightly Bearish

SGD/MYR opened 0.07% higher at 3.3140 but quickly lost its lustre and retreated to 3.3109 at the point of writing. We have a neutral-to-slightly bearish view on this pair today in anticipation of a firmer MYR, which has strengthened vis-a-vis regional peers this morning, benefitting from higher oil prices as well as slight risk-on mode. Meantime, the SGD daily outlook appears a tad soft.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.2681	3.3009	3.3109	3.3228	3.3338

GBP/MYR

GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.35% higher at 5.4267 but retraced somewhat to 5.4228 at the point of writing. GBP is expected to remain solid today supported by higher yield for gilts overnight, hence our neutral to slightly bullish outlook on GBP/ MYR.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.3781	5.3929	5.4228	5.4303	5.4529

AUD/MYR

AUD/MYR Neutral

AUD opened 0.49% higher at 2.9516 but slipped to 2.9444 at the point of writing. Daily outlook is neutral. While easing worries about a banking crisis revived investors' appetite for riskier currencies like AUD, this morning data showed that Australian inflation eased more than expected to +6.8% in February, bolstering case for rate pause as well as AUD weakness, as seen post opening.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9178	2.9274	2.9444	2.9464	2.9558

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