30 January 2023

Global Markets Research

Daily Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Slightly Bearish

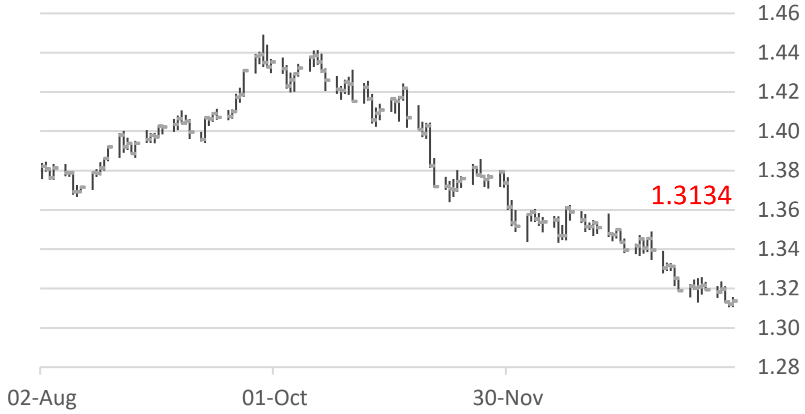
USD/MYR opened 0.01% lower at 4.2435 and has since dipped to 4.2385 at the point of writing. Daily outlook is slightly bearish given the lower trajectory post-opening and that MYR has strengthened against most G10 and regional currencies. USD Index has also failed in delivering a break above the critical resistance of 101.80 after core-PCE prices data eased to 4.4% from 4.7% previously, bolstering odds of a smaller interest rate hike by the Fed in its next FOMC meeting.

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

USD/ MYR outlook is skewed to the bearish side amid expectations of further retreat in the USD. The smaller but expected 50bps Fed rate hike in December, and reaffirmation from Fed Chair Powell that the Fed will slow the pace of rate hike marks the beginning of Fed policy pivot, and shall continue to dampen USD outlook going forward, hence benefitting the G10s and other EM currencies. Abatement in local political noises and favorable economic fundamentals domestically should also keep the MYR supported. The pair has broken below 4.35 and looks set to head towards 4.20 next. Budget tabling on 24 February will be the next key domestic event risk to watch.

	S2	S1	Indicative	R1	R2
USD/MYR	4.2140	4.2370	4.2385	4.2645	4.2875

USD/SGD



USD/SGD Neutral

USD/SGD opened 0.02% higher at 1.3139 but has since retreated to 1.3134 at the point of writing. Daily outlook is neutral given the lack of catalyst in terms of economic data both on the US and SG front today. Key data to watch out for this week on the Singapore front will be the PMI and retails sales indicator due to be released towards the end of the week.

To	S2	S1	Indicative	R1	R2
USD/SGD	1.3054	1.3091	1.3134	1.3163	1.3185

MYR Crosses

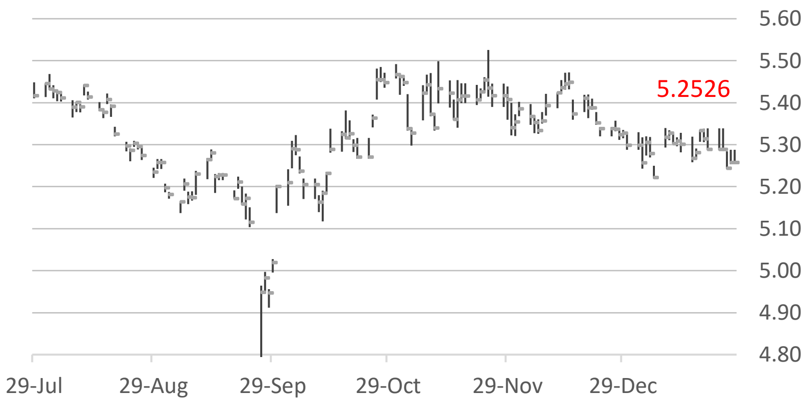
SGD/MYR

SGD/MYR Neutral-to-Slightly Bearish

SGD/MYR opened 0.11% higher at 3.2345 but U-turned to slide below previous close at 3.2294 at the point of writing. Because of this as well as on MYR strength, we are neutral-to-slightly bearish on this pair.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.2140	3.2186	3.2294	3.2308	3.2385

GBP/MYR



GBP/MYR Neutral

GBP/MYR opened 0.24% higher at 5.2629 and has since stabilised at 4.2536 at the point of writing. Daily outlook is neutral given that while GBP has strengthened against most of its G10 peers, bolstered by expectations of a 50bps rate hike in its next BOE meeting this week, GBP/USD pair has also sensed selling interest near the round-level resistance of 1.2400 in early Asia trade.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.2335	5.2426	5.2526	5.2837	5.3160

AUD/MYR

AUD/MYR Neutral-to-Slightly Bearish

AUD opened 0.05% higher at 3.0166 but has retreated to 3.0122 at the point of writing. Daily outlook is neutral to slightly bearish given the lower trajectory post opening as well as MYR strength. Nevertheless, we note that AUD/USD was the best performer for the G7 last week and any loss to AUD will be capped, supported by odds for an additional rate hike by the RBA in February given the stronger domestic CPI report last week.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9819	2.9984	3.0122	3.0215	3.0480

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