

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.

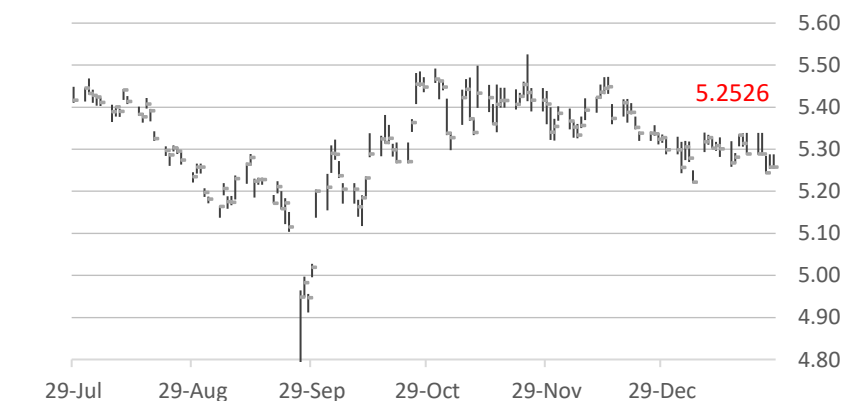


To	S2	S1	Indicative	R1	R2
SGD/MYR	3.2140	3.2186	3.2294	3.2308	3.2385

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**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.