

31 January 2023

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bullish

USD/MYR opened 0.05% higher at 4.2457 and rose slightly to 4.2465 at the point of writing. Daily outlook is neutral-to-slightly bullish given that Dollar Index was firmer overnight and that MYR has also weakened against most G10 and regional currencies. Nevertheless, we expect any movements to be subdued ahead of the Fed, ECB and BOE meetings. Other key data to watch out for will be the non-farm payroll data due on Friday and on the local front, the S&P Global Manufacturing PMI.

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	4.2033	4.2256	4.2465	4.2525	4.2570

USD/SGD

USD/SGD Neutral-Slightly Bearish

USD/SGD opened flat at 1.3144 but has since retreated to 1.3136 at the point of writing. Daily outlook is neutral-to-slightly bearish given the lower trajectory post opening. Otherwise, given the lack of major economic data on the Singapore front and investors staying side line ahead of FOMC decision from the US, trading should stay subdued.



To	S2	S1	Indicative	R1	R2
USD/SGD	1.3081	1.3107	1.3136	1.3165	1.3193

MYR Crosses

SGD/MYR

SGD/MYR Neutral

SGD/MYR opened 0.17% lower at 3.2278 but rebounded slightly to 3.2327 at the point of writing. Still, this is a shade below previous close and as such, we are neutral on this pair. We, are nevertheless, cognizant that SGD has strengthened against regional peers and as such, risk is tilted upwards for this pair.

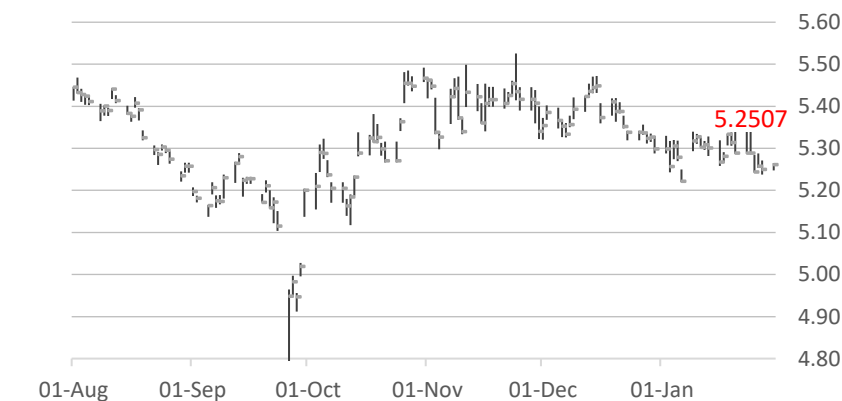


To	S2	S1	Indicative	R1	R2
SGD/MYR	3.2249	3.2287	3.2327	3.2368	3.2405

GBP/MYR

GBP/MYR Neutral-to-Slightly Bearish

GBP/MYR opened 0.34% lower at 5.2407 but has since retraced slightly close to previous close at 5.2507 at the point of writing. Daily outlook is neutral-to-slightly bearish given the lower opening as well as on Jeremy Hunt's indecision over the tax cuts and the economic complications due to the workers' strikes which could weigh on the GBP/USD pair. Nevertheless, any weakness could be capped that GBP has held grounds against most G10 and regional currencies and on the back the BOE will raise its rates by 50bps.



	S2	S1	Indicative	R1	R2
GBP/MYR	5.1849	5.2179	5.2507	5.2615	5.2728

AUD/MYR



AUD/MYR Bearish

AUD opened 0.28% lower at 2.9946 and slipped further to 2.9934 at the point of writing. Given that AUD has weakened against most regional and all G10 currencies, daily outlook is bearish. Australia also recorded its first fall in the retail sales data in December 2022 and this does not bode well for the currency.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9398	2.9678	2.9934	3.0238	3.0518

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**

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