31 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 0.03% lower at 4.4195 and slid further to 4.4140 at the point of writing. Daily outlook is neutral-to-slightly bearish on account of USD weakness vis-à-vis most G10 and regional currencies. MYR was seen trading stronger against G10 and regional currencies this morning. Overnight, Fed Chairman Jerome Powell joined three other Fed Officials to back further rate hikes, citing the need to tame the inflation woes. However, the slower 4Q GDP and corporate profits data as well as higher jobless claims has raised doubts about the Fed policymakers' hawkish rhetoric. Moreover, investors will be kept on their toes waiting for the highly monitored core PCE prices which are expected to stabilise at +4.7% y/y.

**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 appeared muted and contained for now. With BNM assessment on a fairly balanced risk to growth outlook and upside risks to inflation, we believe odds remain for a further 25bps OPR hike by BNM, hence auguring well with MYR bulls.

| | S2 | S1 | Indicative | R1 | R2 |
|---|---|---|---|---|---|
| USD/MYR | 4.3955 | 4.4090 | 4.4140 | 4.4285 | 4.4360 |

## USD/SGD


**USD/SGD Neutral**

USD/SGD opened flat at 1.3276 and was seen little changed at 1.3274 at the point of writing. Daily outlook is neutral as markets will stay cautious ahead of the highly watched US PCE prices due to be released tonight as well as the Singapore's MPC meeting due not later than 14th April.

| To | S2 | S1 | Indicative | R1 | R2 |
|---|---|---|---|---|---|
| USD/SGD | 1.3249 | 1.3263 | 1.3274 | 1.3302 | 1.3327 |

# MYR Crosses

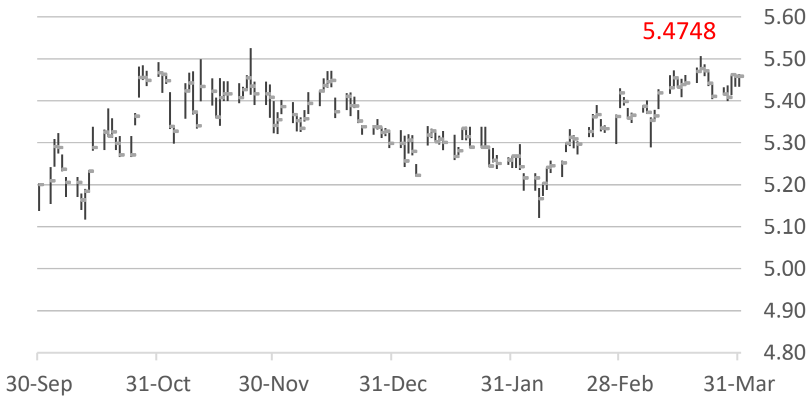
## SGD/MYR


**SGD/MYR Neutral**

SGD/MYR opened 0.06% higher at 3.3287 but retreated to 3.3257 at the point of writing. We have a neutral call on this pair today but will be closely watching both Malaysia and Singapore's PMI next week as well as retail sales for the latter.

| To | S2 | S1 | Indicative | R1 | R2 |
|---|---|---|---|---|---|
| SGD/MYR | 3.3192 | 3.3229 | 3.3257 | 3.3300 | 3.3334 |

## GBP/MYR

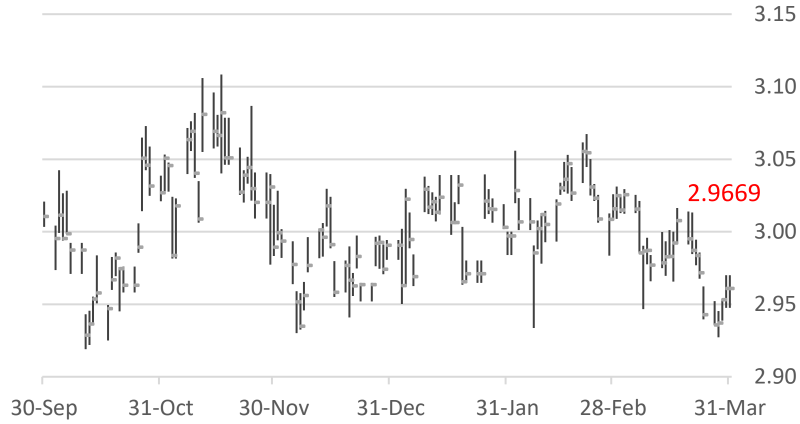



**GBP/MYR Neutral-to-Slightly Bullish**

GBP/MYR opened 0.37% higher at 5.4766 but retreated to 5.4748 at the point of writing. We are neutral to slightly bullish on this pair given that GBP has strengthened against most of the regional currencies. GBP was largely supported by a pick-up in inflation, which raised expectations of another 25bps rate hike to 4.50% as well as Bailey's testimony to the House of Commons Treasury Select Committee that the banking system is solid. Key risk is UK's final 4Q GDP data today.

| | S2 | S1 | Indicative | R1 | R2 |
|---|---|---|---|---|---|
| GBP/MYR | 5.4233 | 5.4399 | 5.4748 | 5.4799 | 5.5082 |

## AUD/MYR




**AUD/MYR Neutral-to-Slightly Bullish**

AUD opened 0.28% higher at 2.9686, spiked to 2.9719 before quickly retreating to 2.9669 at the point of writing. Still, this is still above previous close, and coupled with AUD strength against most G10 and regional currencies, we are neutral-to-slightly bullish on this pair. China's better than expected NBS PMIs, both manufacturing and services also bode well for the pair.

| | S2 | S1 | Indicative | R1 | R2 |
|---|---|---|---|---|---|
| AUD/MYR | 2.9352 | 2.9478 | 2.9669 | 2.9711 | 2.9818 |

*Source: Bloomberg, HLBB Global Markets Research*

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