



## FX Daily – OPR is expected to rise to 3.00% this week

### The US

The lingering sentiment from the slower US inflation data remains as the dollar index edged lower by 0.04% to 102.20. Plus, the money market is now pricing in an over 90% probability for a 25bps rate hike in Feb'23 meeting. Although, we reiterate our view that the US labour market remains tight, and the US Fed is still not finished in fighting inflation, putting a case for a cumulative of 75bps in 1H23.

Meanwhile, on the data front, preliminary report showed that the US consumer sentiment improved to 64.6 for Jan'23, the highest level since Apr'22 (cons.: 60.5). More importantly, in parallel, inflation expectation for a year ahead has already receded to 4.0% from 4.4%.

### US equities & sovereign bonds

Major indices in the US closed their session on Friday higher amidst earning season. Dow Jones climbed 0.3% to 34,303, S&P500 gained 0.4% to 3,999, while Nasdaq rose 0.7% to 11,079.

The UST10Y benchmark yield added 6.3bps to 3.504% while UST2Y added bps to 4.230%, narrowing the inverted differential between the two to 72.9bps.

### Eurozone

Despite the lower dollar, the euro shed 0.21% to 1.083 but remained around its highest level since Apr'23. The focus for the Eurozone this week will be final inflation figure as market is expecting a slower growth of 9.2% in Dec'22 from 10.1% y/y in Nov'22.

### The UK

The British pound climbed 0.14% to 1.223 as UK's GDP figure surprised towards the upside. During Nov'22, the UK economy grew marginally by 0.1% m/m, slower than 0.5% m/m in Oct'22 but beating market expectation of 0.2% contraction, supported by consumer-facing services.

### Japan

The yen appreciated sharply by 1.07% to 127.87, approaching its strongest level in over seven months. Aside from the easing US inflation, the expectation for tightening BoJ is rising following the yield curve control (YCC) alterations last month. On another note, the BoJ has bought ¥5 trillion JGB as the yield on 10-year benchmark reached 0.545% during Friday morning.

### China

The yuan strengthened 0.42% to its five months high at 6.701. Data showed that China's export declined 9.9% y/y after a 8.9% y/y drop a month earlier. This is the sharpest drop since early 2020 due to slowing global demand and tighter financing conditions.

### AmBank Economic Research

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FX vs. USD	Level	Change
DXY	102.20	0.0
EURUSD	1.08	0.2
GBPUSD	1.22	0.1
USDJPY	127.87	1.1
AUDUSD	0.70	0.0
NZDUSD	0.64	0.3
USDCNY	6.70	0.4
USDCNH	6.71	0.2
USDINR	81.34	0.3
USDSGD	1.32	0.5
USDKRW	1,241	0.3
USDPHP	54.90	0.7
USDTHB	32.88	0.9
USDIDR	15,149	1.2
USDMYR	4.34	0.6

FX vs. MYR	Level	Change
EURMYR	4.70	0.2
GBPMYR	5.30	0.1
AUDMYR	3.02	0.3
JPYMYR	3.39	0.6
CNYMYR	1.55	0.3
SGDMYR	3.28	0.0
THBMYR	7.61	0.0
IDRMYR	3,494	0.7
MYRPHP	12.67	0.1
VNDMYR	5,378	0.0

Commodity	Level	Change
Brent (USD/barrel)	85.3	1.5
WTI (USD/barrel)	79.9	1.9
Gold (USD/oz)	1,920	1.2
CPO (MYR/tonne)	3,859	0.00

KLCI Flow	Share	Flow
Local institutions	55.16	119.27
Local retailers	27.65	-121.58
Foreign investors	17.19	2.32

## South Korea

The won strengthened 0.34% to 1,241 following the Bank of Korea's meeting. After raising its interest rate by 275bps to 3.25% since Aug'21, the central bank raises it by another 25bps to bring the rate to 3.50% during Friday's meeting. Policymakers remained hawkish in fighting inflation, but the future policy path will be determined by downside growth risks, financial stability risks and policy changes in other major countries.

## Australia

The commodity-linked Aussie dollar fell marginally by 0.01% to 0.697.

## Crude oil

Oil prices rose as Brent gained 1.49% to US\$85 per barrel while WTI climbed 1.88% to US\$79 per barrel. It was supported by the receding dollar and optimism on China's import demand.

## Gold

As market players put higher bets on slowing rise of interest rates, gold surged 1.14% to US\$1,920/oz

## Malaysia Highlights

The ringgit strengthened 0.56% to 4.335 and traded within the range of 4.3590 and 4.3342. Bank Negara Malaysia monetary policy committee are scheduled to meet this coming Wednesday and Thursday (18 and 19 Jan), where we are expecting the central bank to deliver another 25bps rate hike, pushing the OPR to 3.00%, the same level prior the Covid-19 pandemic.

However, market is debating whether BNM could push the OPR much higher to 3.25% or above. For now, we maintain our view that the OPR will be at 3.00% this year. However, should core inflation remains too high for longer than what we are currently anticipating, then the probability of another 25bps rate hike should not be discounted.

## Against other currencies

The ringgit was stronger against the GBP, CNY, and THB, but weaker against the EUR, AUD, JPY, SGD, IDR, and PHP.

## Ringgit outlook for the day

We expect the MYR to trade between our support level of 4.290 and 4.300 while our resistance is pinned at 4.370 and 4.380.

## KLSE
















The local bourse's FBMKLCI rose 0.43% to 1,495. Detailed transaction showed that both local institutions and foreign investors were then net buyers with RM26.7mil and RM40.9mil flow, respectively, being offset by net selling positions from local retailers at RM67.7mil.








## Fixed Income










The benchmark yield MGS 3Y -1.5bps to 3.525%, 5Y -2.5bps to 3.775%, 7Y -1.5bps to 3.950%, and 10Y -4.0bps to 3.935%.

## Rates

The IRS yield for the 3-year -1.5bps to 3.610%, 5-year -5.3bps to 3.660%, 7-year -5.5bps to 3.790%, and 10-year -4.0bps to 3.940%.

Equity	Level	Change
Dow Jones 	34,303	0.3
S&P 500 	3,999	0.4
Nasdaq 	11,079	0.7
Nikkei 	26,120	-1.2
FBM KLCI 	1,495	0.4
Euro Stoxx 	4,151	0.6
FTSE 100 	7,844	0.6
DAX 	15,087	0.2
Hang Seng 	21,739	1.0
Shanghai 	3,195	1.0
India 	60,261	0.5
KOSPI 	2,386	0.9
Singapore 	3,294	0.8
SE Thai 	1,682	-0.3
PSEi 	6,952	1.7

MGS Yield	Level	Change
3-year 	3.536	-0.8
5-year 	3.765	-3.4
7-year 	3.949	-1.2
10-year 	3.939	-3.2
15-year 	4.150	-7.4
20-year 	4.271	-1.9
30-year 	4.459	-5.5

10Y Sovereign	Level	Change
US 	3.504	6.3
Euro 	2.165	1.2
UK 	3.364	3.3
Japan 	0.504	0.0
China 	2.896	2.3
India 	7.292	0.2
Singapore 	2.789	-4.0
Thailand 	2.386	-4.8
Indonesia 	6.665	-6.6

Rates	Level	Change
3-year IRS	3.610	-1.5
5-year IRS	3.660	-5.3
7-year IRS	3.790	-5.5
10-year IRS	3.940	-4.0
3-mo KLIBOR	3.710	1.0
MY 5-yr CDS (bps)	69.30	0.0

For FX: Green = appreciates, red = depreciates, black=no changes.

For other indicators: Green = increase, red = decline, black=no changes

Sources: Bloomberg, Trading Economics, AmBank Research, AmBank traders.

Note: Changes are based on day-on-day percentage, except for MGS Yield and IRS where changes are in bps.

## Exhibit 1: Key Rates

## Dollar Trend

	Level		
	2021	2022	1Q22 (QTD)
Dollar Index	92.606	104.124	102.775
EURUSD	1.181	1.052	1.078
GBPUSD	1.376	1.234	1.218
USDJPY	110.051	131.796	130.742
AUDUSD	0.750	0.694	0.693
NZDUSD	0.707	0.635	0.638
USDCNY	6.449	6.741	6.749
USDCNH	6.449	6.749	6.755
USDINR	73.956	78.762	81.722
USDSGD	1.344	1.379	1.328
USDKRW	1,146.550	1,293.195	1,244.256
USDPHP	49.337	54.598	55.005
USDTHB	32.054	35.070	33.273
USDIDR	14,301.985	14,872.45	15,422.800
USDMYR	4.147	4.404	4.363

	Percentage change				
	1 day	1 week	1 month	1 year	YTD
	-0.04	-1.61	-1.71	5.83	6.27
	-0.21	1.75	1.85	-3.81	-4.28
	0.14	1.11	-1.12	-7.59	-9.81
	-1.07	-3.19	-5.69	12.46	10.13
	-0.01	1.32	1.65	-1.91	-3.50
	-0.31	0.44	-1.38	-5.49	-6.19
	-0.42	-1.86	-3.61	5.24	5.30
	-0.19	-1.70	-3.59	5.33	5.31
	-0.27	-1.68	-1.78	7.20	9.38
	-0.48	-1.55	-2.09	-3.74	-2.87
	-0.34	-2.13	-4.72	4.97	3.73
	-0.73	-1.34	-1.80	9.01	7.73
	-0.87	-2.50	-5.00	-1.63	-0.98
	-1.24	-3.10	-3.24	5.75	5.41
	-0.56	-1.56	-2.12	2.43	3.35

## Ringgit Cross Rates Trend

	Level		
	2021	2022	1Q22 (QTD)
EURMYR	4.899	4.627	4.691
GBPMYR	5.704	5.424	5.311
AUDMYR	3.112	3.053	3.021
JPYMYR	3.770	3.352	3.337
MYRCNY	1.555	1.530	1.548
SGDMYR	3.085	3.195	3.282
MYRTHB	7.725	7.961	7.633
MYRIDR	3,448.968	3,378.713	3,534.996
MYRPHP	11.895	12.394	12.606
MYRVND	5,530.467	5,319.785	5,368.966

	Percentage change				
	1 day	1 week	1 month	1 year	YTD
	0.16	1.56	0.66	-1.76	-0.87
	-0.14	1.54	-2.49	-5.25	-6.68
	0.35	1.84	0.91	0.36	-0.52
	0.59	1.73	3.80	-8.88	-6.16
	0.28	-0.60	-1.72	2.96	2.10
	0.03	0.34	0.41	6.02	6.04
	0.02	-1.49	-3.18	-3.65	-3.91
	-0.69	-1.56	-1.15	3.24	1.99
	-0.05	0.23	0.34	6.49	4.24
	0.00	0.91	0.72	-1.01	-0.87

## Commodities Trend

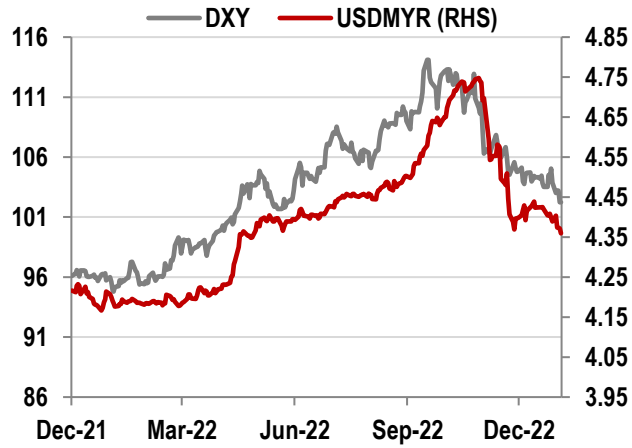
	Level		
	2021	2022	1Q22 (QTD)
Brent(USD/barrel)	71.28	99.03	82.35
WTI (USD/barrel)	68.43	94.33	77.08
Gold (USD/oz)	1,797.46	1,803.22	1,888.37
CPO (MYR/ton)	4,458.18	5,106.89	3,863.40

	Percentage change				
	1 day	1 week	1 month	1 year	YTD
	1.49	8.54	5.70	15.71	5.54
	1.88	8.26	5.93	12.91	2.58
	1.22	2.92	6.04	8.44	6.06
	0.00	-4.61	-1.32	-25.24	-27.77

Source: Bloomberg, AmBank Research

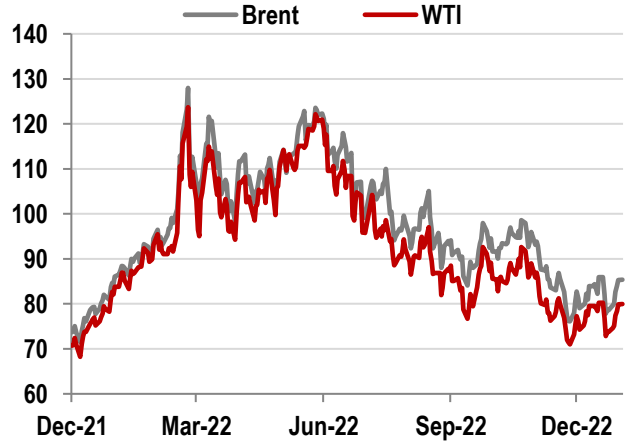
Note: Values in average

**Exhibit 1: DXY Vs. USDMYR**



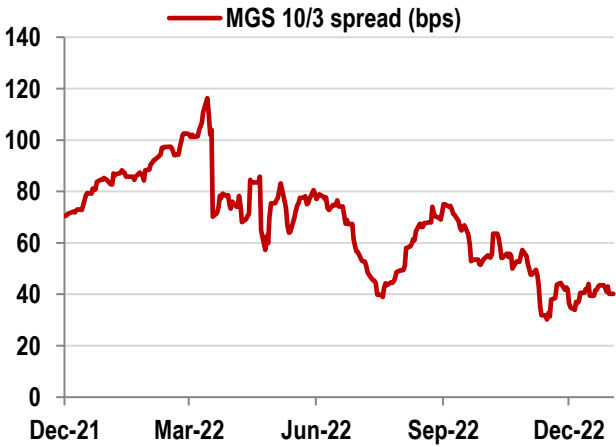
Source: Bloomberg, AmBank Research

**Exhibit 2: Oil Prices**



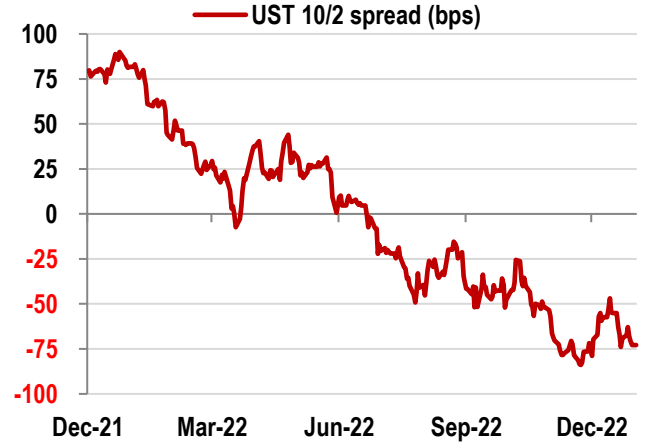
Source: Bloomberg, AmBank Research

**Exhibit 3: MGS 10/3 Spread (bps)**



Source: Bloomberg, AmBank Research

**Exhibit 4: UST 10/2 Spread (bps)**



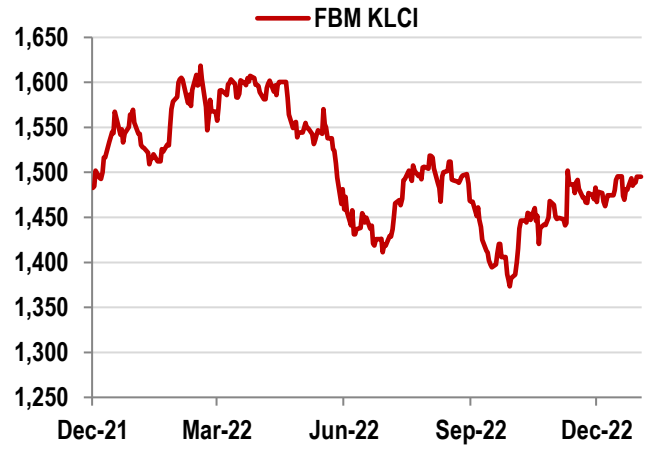
Source: Bloomberg, AmBank Research

**Exhibit 5: Gold**



Source: Bloomberg, AmBank Research

**Exhibit 6: FBM KLCI**



Source: Bloomberg, AmBank Research

Indicator calendar for next week (16<sup>th</sup> Jan – 20<sup>th</sup> Jan)

Monday January 16 2023				Consensus	Previous
7:50 AM	JP	PPI MoM DEC		0.003	0.01
7:50 AM	JP	PPI YoY DEC		0.095	0.09
8:00 AM	AU	TD-MI Inflation Gauge MoM DEC			0.01
8:30 AM	AU	Building Permits MoM Final NOV		-0.09	-0.06
8:30 AM	AU	Building Permits YoY Final NOV			-0.06
8:30 AM	AU	Private House Approvals MoM Final NOV			-0.01
9:30 AM	CN	House Price Index YoY DEC			-0.02
2:00 PM	JP	Machine Tool Orders YoY DEC			-0.08
Tuesday January 17 2023				Consensus	Previous
5:00 AM	NZ	NZIER Capacity Utilization Q4			0.945
5:00 AM	NZ	NZIER Business Confidence Q4			-0.42
7:30 AM	AU	Westpac Consumer Confidence Change JAN			0.03
7:30 AM	AU	Westpac Consumer Confidence Index JAN			80.3
7:30 AM	AU	Westpac Leading Index MoM DEC			-0.001
8:30 AM	SG	Non-Oil Exports YoY DEC		-0.164	-0.146
8:30 AM	SG	Non-Oil Exports MoM DEC		0.002	-0.092
9:30 AM	SG	Balance of Trade DEC			\$3.047B
10:00 AM	CN	GDP Growth Rate YoY Q4		0.018	0.039
10:00 AM	CN	Industrial Production YoY DEC		0.008	0.022
10:00 AM	CN	Retail Sales YoY DEC		-0.078	-0.059
10:00 AM	CN	Unemployment Rate DEC			0.057
10:00 AM	CN	Fixed Asset Investment (YTD) YoY DEC		0.05	0.053
10:00 AM	CN	GDP Growth Rate QoQ Q4		-0.008	0.039
10:00 AM	CN	Industrial Capacity Utilization Q4			0.756
12:30 PM	JP	Tertiary Industry Index MoM NOV			0.002
3:00 PM	GB	Claimant Count Change DEC			30.5K
3:00 PM	GB	Unemployment Rate NOV			0.037
3:00 PM	GB	Average Earnings incl. Bonus (3Mo/Yr) NOV			0.061
3:00 PM	GB	Employment Change OCT			27K
3:00 PM	GB	HMRC Payrolls Change DEC			107K
3:00 PM	GB	Average Earnings excl. Bonus (3Mo/Yr) NOV			0.061
6:00 PM	EA	ZEW Economic Sentiment Index JAN			-23.6
9:30 PM	US	NY Empire State Manufacturing Index JAN		-4.5	-11.2
11:00 PM	NZ	Global Dairy Trade Price Index			-0.028

Source: Trading Economics, AmBank Research

Wednesday January 18 2023			Consensus	Previous
5:45 AM	NZ	Electronic Retail Card Spending YoY DEC		7.10%
5:45 AM	NZ	Electronic Retail Card Spending MoM DEC		0.30%
7:00 AM	JP	Reuters Tankan Index JAN		8
7:50 AM	JP	Machinery Orders MoM NOV	-0.009	0.054
7:50 AM	JP	Machinery Orders YoY NOV	0.024	0.004
11:00 AM	JP	BoJ Interest Rate Decision		-0.10%
11:00 AM	JP	BoJ Quarterly Outlook Report		
12:00 PM	MY	Exports YoY DEC	0.096	0.156
12:00 PM	MY	Balance of Trade DEC	MYR28.1B	MYR22.3B
12:00 PM	MY	Imports YoY DEC	0.15	15.60%
12:30 PM	JP	Capacity Utilization MoM NOV		2.20%
12:30 PM	JP	Industrial Production YoY Final NOV		3.80%
12:30 PM	JP	Industrial Production MoM Final NOV	-0.001	-3.20%
3:00 PM	GB	Inflation Rate YoY DEC		10.70%
3:00 PM	GB	Inflation Rate MoM DEC		0.40%
3:00 PM	GB	Core Inflation Rate YoY DEC		6.30%
3:00 PM	GB	PPI Core Output MoM DEC		0.50%
3:00 PM	GB	PPI Core Output YoY DEC		13.30%
3:00 PM	GB	Core Inflation Rate MoM DEC		0.30%
3:00 PM	GB	PPI Input MoM DEC		0.70%
3:00 PM	GB	PPI Input YoY DEC		19.50%
3:00 PM	GB	New Car Registrations YoY DEC		23.50%
3:00 PM	GB	PPI Output MoM DEC		0.90%
3:00 PM	GB	PPI Output YoY DEC		17.20%
3:00 PM	GB	Retail Price Index YoY DEC		14.00%
3:00 PM	GB	Retail Price Index MoM DEC		0.60%
5:30 PM	GB	Labour Productivity QoQ Final Q3		0.30%
6:00 PM	EA	Inflation Rate YoY Final DEC	0.092	10.10%
6:00 PM	EA	Inflation Rate MoM Final DEC	-0.003	-0.10%
6:00 PM	EA	Construction Output YoY NOV		2.20%
6:00 PM	EA	CPI Final DEC		12095.00%
6:00 PM	EA	Core Inflation Rate YoY Final DEC	0.052	5.00%
8:00 PM	US	MBA 30-Year Mortgage Rate JAN/13		6.42%
8:00 PM	US	MBA Mortgage Applications JAN/13		1.20%
8:00 PM	US	MBA Mortgage Refinance Index JAN/13		32670.00%
8:00 PM	US	MBA Mortgage Market Index JAN/13		18670.00%
8:00 PM	US	MBA Purchase Index JAN/13		15940.00%
9:30 PM	US	PPI MoM DEC	0	0.30%
9:30 PM	US	Retail Sales MoM DEC	-0.005	-0.006
9:30 PM	US	Core PPI MoM DEC	0.001	0.004
9:30 PM	US	Retail Sales Ex Autos MoM DEC	-0.002	-0.002
9:30 PM	US	Core PPI YoY DEC		0.062
9:30 PM	US	PPI YoY DEC		0.074
9:30 PM	US	Retail Sales Ex Gas/Autos MoM DEC		-0.002
9:30 PM	US	Retail Sales YoY DEC		0.065
9:55 PM	US	Redbook YoY JAN/14		0.053
10:15 PM	US	Industrial Production YoY DEC		0.025
10:15 PM	US	Industrial Production MoM DEC	-0.001	-0.002
10:15 PM	US	Capacity Utilization DEC	0.796	0.797
10:15 PM	US	Manufacturing Production MoM DEC		-0.006
10:15 PM	US	Manufacturing Production YoY DEC		0.012
11:00 PM	US	Business Inventories MoM NOV	0.004	0.003
11:00 PM	US	NAHB Housing Market Index JAN		31

Friday January 20 2023			Consensus	Previous
12:00 AM	US	EIA Gasoline Stocks Change JAN/13		4.114M
12:00 AM	US	EIA Crude Oil Stocks Change JAN/13		18.962M
12:00 AM	US	EIA Distillate Stocks Change JAN/13		-1.069M
12:00 AM	US	EIA Heating Oil Stocks Change JAN/13		0.405M
12:00 AM	US	EIA Gasoline Production Change JAN/13		0.067M
12:00 AM	US	EIA Crude Oil Imports Change JAN/13		2.708M
12:00 AM	US	EIA Refinery Crude Runs Change JAN/13		0.831M
12:00 AM	US	EIA Cushing Crude Oil Stocks Change JAN/13		2.511M
12:00 AM	US	EIA Distillate Fuel Production Change JAN/13		0.509M
5:00 AM	KR	PPI MoM DEC		0%
5:00 AM	KR	PPI YoY DEC		6.30%
5:30 AM	NZ	Business NZ PMI DEC		4740.00%
5:45 AM	NZ	Visitor Arrivals YoY NOV		4283.80%
7:30 AM	JP	Inflation Rate YoY DEC		0.038
7:30 AM	JP	Core Inflation Rate YoY DEC	0.04	3.70%
7:30 AM	JP	Inflation Rate Ex-Food and Energy YoY DEC		2.80%
7:30 AM	JP	Inflation Rate MoM DEC		0.30%
8:01 AM	GB	Gfk Consumer Confidence JAN		-4200.00%
9:15 AM	CN	Loan Prime Rate 1Y		0.0365
9:15 AM	CN	Loan Prime Rate 5Y JAN		4.30%
12:00 PM	MY	Inflation Rate YoY DEC	0.039	4.00%
12:00 PM	MY	Inflation Rate MoM DEC		0.30%
3:00 PM	GB	Retail Sales MoM DEC		0%
3:00 PM	GB	Retail Sales YoY DEC		-5.90%
3:00 PM	GB	Retail Sales ex Fuel MoM DEC		-0.30%
3:00 PM	GB	Retail Sales ex Fuel YoY DEC		-6%
11:00 PM	US	Existing Home Sales MoM DEC		-7.70%
11:00 PM	US	Existing Home Sales DEC	3.96M	4.09M

Source: Trading Economics, AmBank Research

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