

1 June 2023

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bearish

USD/MYR opened 0.11% lower at 4.6077 and pared some of its losses to trade at 4.6112 at the point of writing. Daily outlook is neutral-slightly bearish as the Dollar faced selling pressure after touching its 10-week high of 104.70 amidst mixed economic data overnight, dovish Fed views, not to mention caution ahead of the looming debt deal vote and non-farm payroll data. While we note that MYR has demonstrated some strength this morning, we nevertheless, remain sceptical on its sustainability given sluggish oil prices and overall weakness in regional currencies recently, thus capping any major sways to this pair.

1-Month Outlook – USD/MYR Neutral

The USD/MYR 1-month outlook is neutral in our view, amid expectations for eventual USD consolidation torn between the end-of Fed tightening cycle, expectations for Fed rate cut, and haven demand given the greenback's dominant position as the world reserve currency. There are tentative signs growth in the US economy and labour market are losing their resiliency, although the latter is still healthy. In addition, concerns over the recent banking rout and the consequential tightening financial conditions and liquidity concerns, will exert pressure on sentiment and USD. Nevertheless, we do expect some support for the USD as the impasse on the debt ceiling edges closer to a resolution, and as the latest PCE print registered a surprised uptick. On the domestic front, a less hawkish tone in BNM's latest monetary policy statement and slightly accommodative policy stance implied that the current OPR rate is near neutral level. While there could still be room for a 25bps hike, moderating growth and inflation prospects will support our view for OPR to stay unchanged at 3.00% for the remaining of 2023, capping excessive gains in the MYR.

	S2	S1	Indicative	R1	R2
USD/MYR	4.5837	4.5983	4.6112	4.6263	4.6677

USD/SGD

USD/SGD Neutral-to-Slightly Bearish

USD/SGD opened 0.01% higher at 1.3517 and advanced to 1.3533 before retreating to 1.3510 at the point of writing. Daily outlook is neutral-to-slightly bearish on account of USD weakness and SGD strength supported by the surprised uptick in Caixin China PMI manufacturing data to 50.9 this morning.



	S2	S1	Indicative	R1	R2
USD/SGD	1.3469	1.3493	1.3510	1.3551	1.3585

MYR Crosses

SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.27% higher at 3.4136 and trended up to 3.4101 at the point of writing. Daily outlook is neutral to slightly bullish on the back of the higher opening and upper trajectory subsequent to that. Like AUD, we also expect SGD to be supported by the unexpected expansion in China's Caixin PMI data this morning. China is one of the largest trading partners with Singapore, for both goods and services.

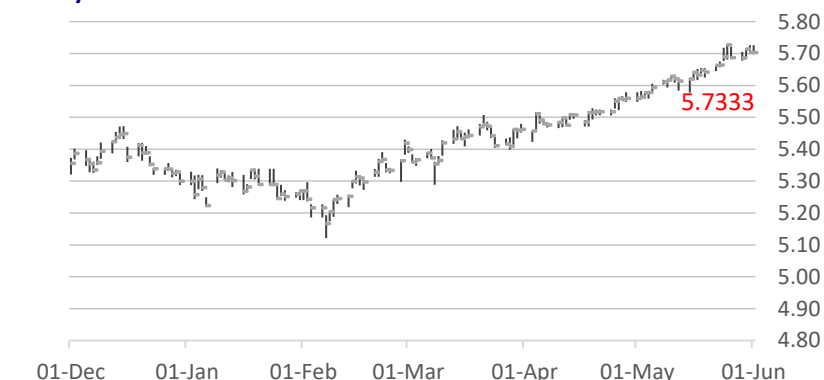


	S2	S1	Indicative	R1	R2
SGD/MYR	3.3946	3.3995	3.4101	3.4182	3.4300

GBP/MYR

GBP/MYR Slightly Bullish

GBP/MYR opened 0.70% higher at 5.7415 before retreating to 5.7333 at the point of writing. Daily outlook is slightly bullish given the higher opening. While we note that the GBP/USD pair is facing stiff barricades around 1.2450 in the Asian session, we expect GBP to be supported by expectations of another round of rate hike after the still elevated CPI data.

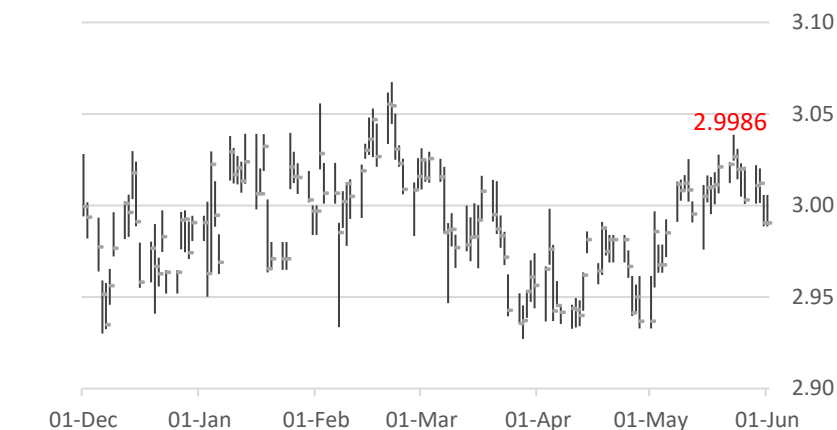


	S2	S1	Indicative	R1	R2
GBP/MYR	5.6844	5.6930	5.7333	5.7342	5.7591

AUD/MYR

AUD/MYR Slightly Bullish

AUD opened 0.37% higher at 3.0016 but quickly retreated to 2.9986 at the point of writing. Nonetheless, this is still above previous close and we are slightly bullish on this pair, especially since AUD has grind higher post Caixin PMI data, further boosted by the upward revision in S&P Global Manufacturing PMI this morning at 48.4.



	S2	S1	Indicative	R1	R2
AUD/MYR	2.9778	2.9841	2.9986	3.0120	3.0291

Source: Bloomberg, HLBB Global Markets Research

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