

6 June 2023

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bullish

USD/MYR opened 0.03% lower at 4.5750 but rebounded above the previous close at 4.5992 at the point of writing. Daily outlook is neutral-to-slightly bullish on account of the higher trajectory subsequent to opening as well as broad MYR weakness. The latter is seen as the overnight uptick in oil prices have failed to provide support for MYR crosses this morning. With no economic data in view until Friday's IPI, this pair will continue to be driven by the direction of the USD.

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	4.5508	4.5637	4.5992	4.6022	4.6238

USD/SGD

USD/SGD Neutral-to-Slightly Bearish

USD/SGD opened flat at 1.3493, traded range bound before retreating to 1.3483 at the point of writing. Daily outlook is neutral-to-slightly bearish after USD weakened on news that the US services sector barely grew in May, boosting Fed pause bets. Data this morning, meanwhile, showed that the S&P Global Singapore PMI softening slightly, but still expansionary at 54.5 in May from 55.3 previously.



USD/SGD	1.3448	1.3464	1.3483	1.3519	1.3546

MYR Crosses

SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.38% lower at 3.3916 but quickly erased all its losses to trade at 3.4113 at the point of writing. Daily outlook is neutral-to-slightly bullish given the upper trajectory post opening as well as we believe that yuan weakness will pose a drag to MYR, and a lesser extent for SGD despite both being major trading partners vis-à-vis China.



	S2	S1	Indicative	R1	R2
SGD/MYR	3.3665	3.3887	3.4113	3.4187	3.4331

GBP/MYR

GBP/MYR Neutral-to-Slightly Bearish

GBP/MYR opened 0.81% lower at 5.6895 but pared some of its losses to trade at 5.7250 at the point of writing. Daily outlook is neutral-to-slightly bearish given the significantly lower opening and as GBP struggled for clear directions around 1.2435-40 amidst early Tuesday in the Asian market.



	S2	S1	Indicative	R1	R2
GBP/MYR	5.6543	5.7021	5.7250	5.7667	5.7977

AUD/MYR



AUD/MYR Neutral-to-Slightly Bullish

AUD opened 0.29% lower at 3.0262 but turned around and spiked to 3.0450 at the point of writing. We have a neutral-to-slightly bullish call on this pair given MYR weakness and the upper trajectory post opening. Investors will stay cautious this morning ahead of the Reserve Bank of Australia's decision at noon. Key risk for this pair will be the tone of the policy statement which could sway the pair in the afternoon. To be specific, we will be watching out for RBA's view on inflation after the Fair Work Commission increased the minimum wage by 5.75%.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0133	3.0156	3.0450	3.0535	3.0719

Source: Bloomberg, HLBB Global Markets Research

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