

7 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 0.09% lower at 4.6045 and slid further 4.6038 at the point of writing. Daily outlook is neutral-to-slightly bearish on USD weakness as well as on the fact that regional currencies have generally strengthened against G10. Mirroring early Asian morning session, we nevertheless, expect trading to remain largely tame as investors await the US CPI report, followed closely by the June 13-14 FOMC meeting next week.

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	4.5605	4.5845	4.6038	4.6205	4.6325

USD/SGD

USD/SGD Neutral-to-Slightly Bearish

USD/SGD opened flat at 1.3486 and dipped to 1.3473 at the point of writing. The pair has largely traded range bound between the 1.3470-1.3478 level this morning, and as such, we have a neutral-to-slightly bearish call on this pair. Similar to the previous pair, the performance of this pair will be largely USD-driven in the absence of catalyst on the Singapore front.



	S2	S1	Indicative	R1	R2
USD/SGD	1.3454	1.3470	1.3473	1.3505	1.3524

MYR Crosses

SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.08% higher at 3.4195 but pared its gain to trade at 3.4173 at the point of writing. We have a neutral-to-slightly bullish call on this pair. While both currencies have strengthened against G10, we expect SGD to fare better vis-à-vis MYR in view the slump in oil prices.



	S2	S1	Indicative	R1	R2
SGD/MYR	3.3820	3.3993	3.4173	3.4253	3.4340

GBP/MYR

GBP/MYR Neutral-to Slightly Bullish

GBP/MYR opened 0.19% higher at 5.7280 but retreated to 5.7222 at the point of writing. Daily outlook is neutral-to-slightly bullish given the higher opening. Capping this is GBP weakness against regional currencies. As it is, GDP has largely hovered around the 1.2420s range against USD, capped by the lack of 1st-tier economic data from the US and UK. GBP also failed to gain traction despite the construction PMI unexpectedly improved to 51.6 in May.



	S2	S1	Indicative	R1	R2
GBP/MYR	5.6730	5.6951	5.7222	5.7331	5.7490

AUD/MYR



AUD/MYR Slightly Bullish

AUD opened 0.40% higher at 3.0782 but retreated slightly to 3.0738 at the point of writing. Daily outlook is slightly bullish on AUD strength, supported by RBA's surprised rate hike yesterday as well as Governor Philip Lowe's hawkish comments this morning where he commented that Australia's persistent inflation tests RBA's patience. Data this morning, meanwhile, showed that GDP eased slightly more than expected to +0.2% q/q in 1Q (4Q: +0.6% q/q).

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0056	3.0357	3.0738	3.0854	3.1050

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