

8 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 0.16% higher at 4.6050 and strengthened to 4.6088 at the point of writing. Daily outlook is neutral-to-slightly bullish on USD strength vis-à-vis regional currencies, with the former supported by higher UST yields as investors reassessed Fed rate bets. The catalyst was the Bank of Canada's unexpected move to lift its policy rate by 25bps to 4.75%, just a day after the Reserve Bank of Australia (RBA) did the same.

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	4.5903	4.5939	4.6088	4.6109	4.6212

USD/SGD

USD/SGD Neutral-to-Slightly Bullish



USD/SGD opened flat at 1.3488 before trending lower and largely traded around the 1.3483 level at the point of writing. Daily outlook is neutral-to-slightly bullish on SGD weakness against the G10. As it is, there should not be any major drivers to sway this pair with the absence of economic data on the Singapore and US front, as well as lack of Fed speak ahead of the FOMC meeting.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3421	1.3454	1.3483	1.3509	1.3531

MYR Crosses

SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish



SGD/MYR opened 0.05% lower at 3.4097 but rebounded to 3.4188 at the point of writing. Daily outlook is neutral-to-slightly bullish on SGD strength against its regional peers. Amongst the two currencies, we believe that MYR will be more at risk given its high susceptibility to movement in oil prices as well as yuan weakness.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.4034	3.4074	3.4188	3.4246	3.4352

GBP/MYR

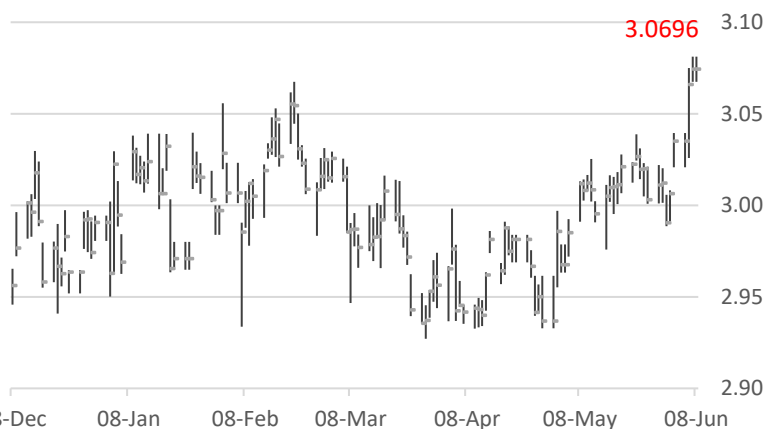
GBP/MYR Neutral-to Slightly Bullish



GBP/MYR opened 0.03% lower at 5.7213 but erased its losses to trade at 5.7388 at the point of writing. Daily outlook is neutral-to-slightly bullish on account of GBP strength against USD and regional currencies. GBP benefitted from expectations that the BOE will remain aggressive in its tightening policy after OECD reported that UK inflation remained high amongst advanced economies.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.6977	5.7105	5.7388	5.7427	5.7652

AUD/MYR



AUD/MYR Slightly Bearish

AUD opened 0.41% lower at 3.0615 but pared some of its losses to trade at 3.0696 at the point of writing. Daily outlook is slightly bearish on account of the lower opening as well as that AUD has stayed depressed around 0.6650 against the Dollar. As it is, AUD failed to gain traction despite the hawkish comments from RBA's Philip Lowe overnight, probably due to concerns that the economy decelerated to 0.2% q/q in 1Q.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0467	3.0605	3.0696	3.0811	3.0881

Source: Bloomberg, HLBB Global Markets Research

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