

9 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 0.35% lower at 4.6050 but rebounded slightly to 4.6075 at the point of writing. Daily outlook is slightly bearish amidst broad Dollar weakness, hit by a double-whammy from reduced Fed rate hike fears after the sharp rise in jobless claims print against the recent unexpected hikes from the Bank of Canada and Reserve Bank of Australia as well as expectations of another hike from the European Central Bank next week. Key risk for this pair today will be Malaysia's IPI where growth is expected to soften to +2.0% y/y from +3.1% y/y previously.

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 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	4.5788	4.5974	4.6075	4.6278	4.6346

USD/SGD

USD/SGD Neutral-to-Slightly Bearish

USD/SGD opened flat at 1.3427, popped up to as high as 1.3438 but retreated to 1.3433 at the point of writing. As USD seemed to have lost some momentum, we have a neutral-to-slightly bearish call for this pair, especially since SGD has shown resiliency despite recent pressure on Asian currencies.



	S2	S1	Indicative	R1	R2
USD/SGD	1.3382	1.3404	1.3433	1.3470	1.3514

MYR Crosses

SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.29% higher at 3.4409 but quickly lost its lustre to trade at 3.4340 at the point of writing. Daily outlook is neutral-to-slightly bullish given the higher opening and while MYR will be dragged lower by the dip in oil prices overnight. Like USD/MYR, key risk for this pair today will be Malaysia's IPI. There is no economic data scheduled on Singapore's front.



	S2	S1	Indicative	R1	R2
SGD/MYR	3.4017	3.4164	3.4340	3.4463	3.4686

GBP/MYR

GBP/MYR Slightly Bullish

GBP/MYR opened 0.81% higher at 5.8035 but quickly retreated to 5.7923 at the point of writing. We are slightly bullish on this pair given the jump during opening as well as on expectations that the Bank of England (BOE) will continue to lift its policy rates to tame inflation, thus supporting GBP. As it is, money market futures are pencilling in a 75-100bps hike towards the end of the year.



	S2	S1	Indicative	R1	R2
GBP/MYR	5.7021	5.7296	5.7923	5.7937	5.8395

AUD/MYR



AUD/MYR Slightly Bullish

AUD opened 0.48% higher at 3.1021 but quickly retreated to 3.0931 at the point of writing. Daily outlook is slightly bullish on account of the higher opening as well as AUD benefitting from the recent unexpected 25bps rate hike by the RBA and continued hawkish tone from the central bankers. Capping this, will however, be China's inflation print this morning which stayed near zero, although matched expectations.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0498	3.0686	3.0931	3.1096	3.1395

Source: Bloomberg, HLBB Global Markets Research

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