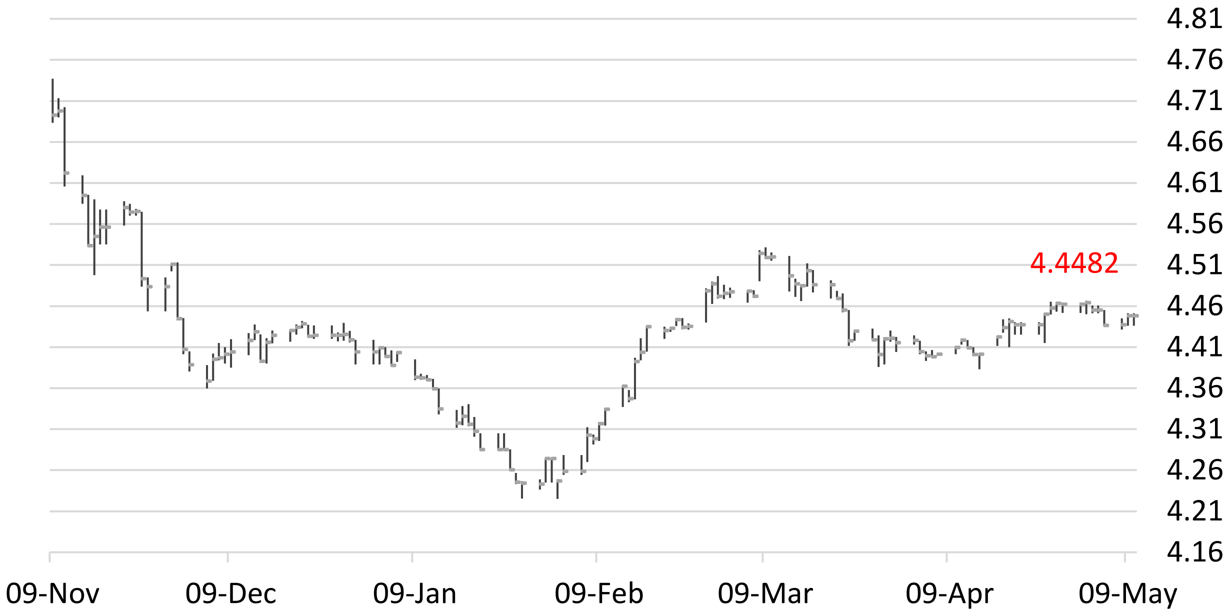
10 May 2023

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral

USD/MYR opened flat at 4.4480, rose to 4.4520 before retreating back to 4.4482 at the point of writing. Daily outlook is neutral on the back of weakness for both currencies. On the domestic front, slower IPI growth is expected to translate into slower 1Q GDP (4Q: +7.0% y/y), weighing down on sentiment and MYR but we expect continued expansion in services to cushion the slack. The USD, meanwhile, will be gripped by fears over the looming debt ceiling and nervousness over the upcoming CPI data despite firmer UST yields.

1-Month Outlook – USD/MYR Neutral-to-Slightly Bearish

USD/MYR outlook is neutral to slightly bearish amid expectations of USD weakness torn between the end-of Fed tightening cycle and haven demand given the greenback's dominant position as the world reserves currency. There are tentative signs growth in the US economy and labour market are losing their resiliency, although the latter is still healthy. Recent price reports also continued to reaffirm that inflation is tapering off, although slower than what the Fed had expected. Coupled with concerns over the recent banking rout and the consequential tightening financial conditions and liquidity concerns, this will exert pressure on sentiment and USD. Nevertheless, the spill over appears manageable at this juncture. 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 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	4.4301	4.4390	4.4482	4.4603	4.4754

USD/SGD

USD/SGD Neutral-to-Slightly Bearish

USD/SGD opened flat at 1.3274 and retreated to 1.3264 at the point of writing. Daily outlook is neutral-to-slightly bearish on USD weakness. There is no data on the Singapore front this week, and as such, any sways will be USD driven. DXY slid slightly to 101.58 this morning and we believe that trading will largely be muted on cautiousness ahead of the US CPI data tonight.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3223	1.3248	1.3264	1.3294	1.3315

MYR Crosses

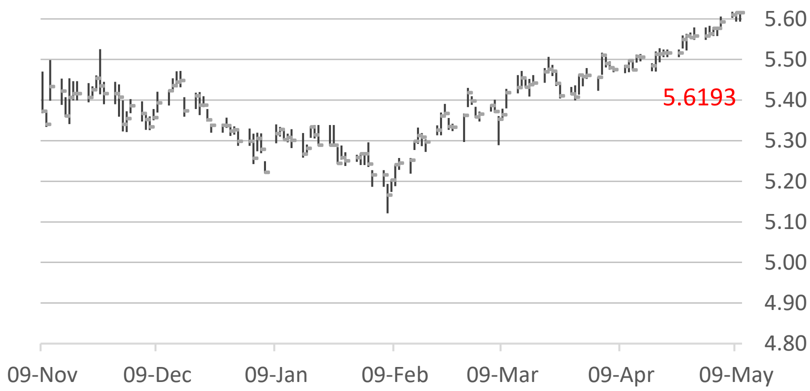
SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.07% lower at 3.3517 but pared its losses to rebound to 3.3541 at the point of writing. This is just a shade above previous close. We are neutral-to-slightly bullish on this pair on SGD strength. As mentioned earlier, the weaker IPI numbers could affect MYR sentiment this morning, but we expect investors to remain generally side line ahead of the upcoming US CPI and Malaysia's 1Q GDP data.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.3423	3.3481	3.3541	3.3578	3.3617

GBP/MYR

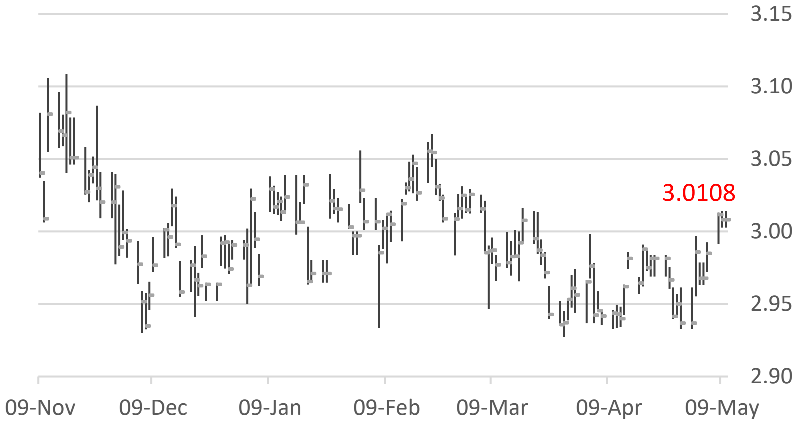


GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR flat at 5.6153 and spiked to 5.6193 at the point of writing. Daily outlook is neutral-to-slightly bullish on GBP strength against regional currencies. Technically, GBP/USD pair is looking to extend its recovery above the immediate resistance of 1.2630 and will be supported by fundamental expectations of a 25bps rate hike by the BOE tomorrow.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.5847	5.6001	5.6193	5.6238	5.6321

AUD/MYR



AUD/MYR Neutral-to-Slightly Bullish

AUD opened 0.06% higher at 3.0097 and strengthened further to 3.0108 at the point of writing. Daily outlook is neutral-to-slightly bullish on AUD strength vis-a-vis regional currencies. Capping this, will however, be the weaker 1Q retail sales data overnight as well as concerns over a slowdown in China, as seen by the m/m contraction in trade data.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9967	3.0024	3.0108	3.0139	3.0197

Source: Bloomberg, HLBB Global Markets Research

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