14 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 0.09% higher at 4.6190 and climbed higher to 4.6217 at the point of writing. Daily outlook is neutral-to-slightly bullish as firmer UST yields overnight, especially on the short end, will lend support to USD. Tonight, we will be watching for the Federal Reserve's rate decision and more importantly, its accompanying statement as well as the rolling out of its economic forecasts and dot plot.

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	4.5912	4.6052	4.6217	4.6241	4.6332

USD/SGD

USD/SGD Neutral

USD/SGD opened flat at 1.3423, traded in a narrow range before settling little change at 1.3222 at the point of writing. We have a neutral call on this pair as investors stay cautious ahead of the FOMC meeting today. As it is, expectations is that the Fed will deliver a hawkish pause on its rates.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3256	1.3334	1.3422	1.3456	1.3490

MYR Crosses

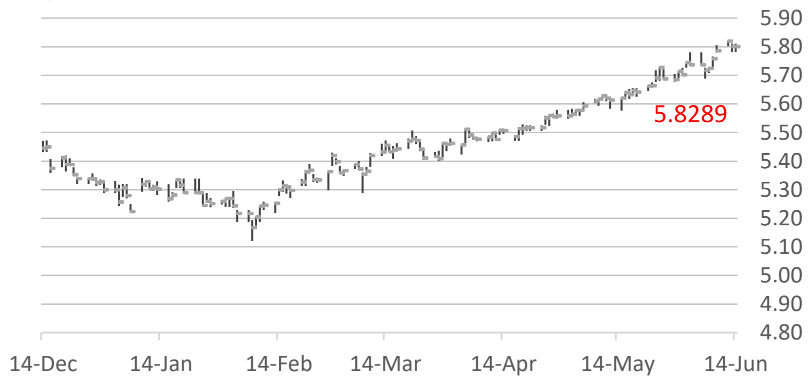
SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.12% lower at 3.4384 but rebounded above its previous close at 3.4433 at the point of writing. We are neutral-to-slightly bullish given the upper trajectory subsequent to opening. This is despite the 3% uptick in oil prices which should have supported MYR.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.4245	3.4337	3.4433	3.4473	3.4521

GBP/MYR



GBP/MYR Slightly Bullish

GBP/MYR opened 0.31% higher at 5.8179 and strengthened further to 5.8289 at the point of writing. Daily outlook is slightly bullish as the recent strong UK labour market report has sewn seeds for a hawkish BOE for longer. Coupled with hawkish rhetoric from BoE's policymaker Catherine Mann on Monday who emphasized a need to take measures to curb inflation, this will continue provide support for GBP today.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.7676	5.7837	5.8289	5.8307	5.8570

AUD/MYR

AUD/MYR Neutral-to-Slightly Bullish

AUD opened 0.08% lower at 3.1245 but quickly erased its losses to trade at 3.1306 at the point of writing. Daily outlook is slightly bullish on AUD strength. AUD gained overnight despite CNH trading weaker after China's surprised rate cuts, probably due to expectations that this will stoke the economy going forward.

a	S2	S1	Indicative	R1	R2
AUD/MYR	3.1084	3.1178	3.1306	3.1360	3.1450

Source: Bloomberg, HLBB Global Markets Research

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