Global Markets Research

Daily Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Slightly Bearish

USD/MYR opened 0.19% lower at 4.4885 but pared some of its losses to trade higher at 4.4928 at the point of writing. Daily outlook is slightly bearish on USD weakness this morning, the latter retreating after data overnight showed that manufacturing activity in the New York region plunged more than 42 points to negative territory in May. Tonight, the debt ceiling negotiations will be in focus, with other risks emanating from the retail sales and IPI numbers as well as NAHB Housing Market index and New York Fed Services Business Activity indices.

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	4.4590	4.4771	4.4928	4.5053	4.5133

USD/SGD

USD/SGD Slightly Bearish

USD/SGD opened flat at 1.3361 and dipped slightly to 1.3354 at the point of writing. Daily outlook is slightly bearish as the plunge in US Empire manufacturing index further support Fed rate pause expectations and thus, weighing on greenback today. The debt ceiling stalemate may also weigh on the Dollar today.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3334	1.3347	1.3354	1.3385	1.3410

MYR Crosses

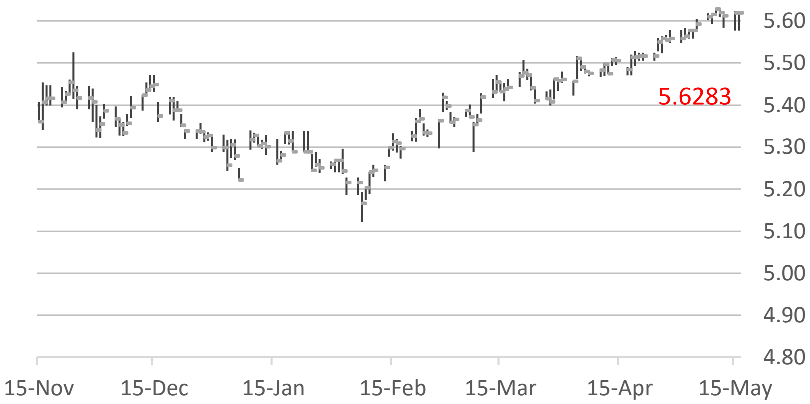
SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.15% higher at 3.3654 but retreated slightly to 3.3643 at the point of writing. Daily outlook is neutral-to-slightly bullish with keys being the trade numbers from both side of the border later this week.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.3360	3.3483	3.3643	3.3694	3.3782

GBP/MYR

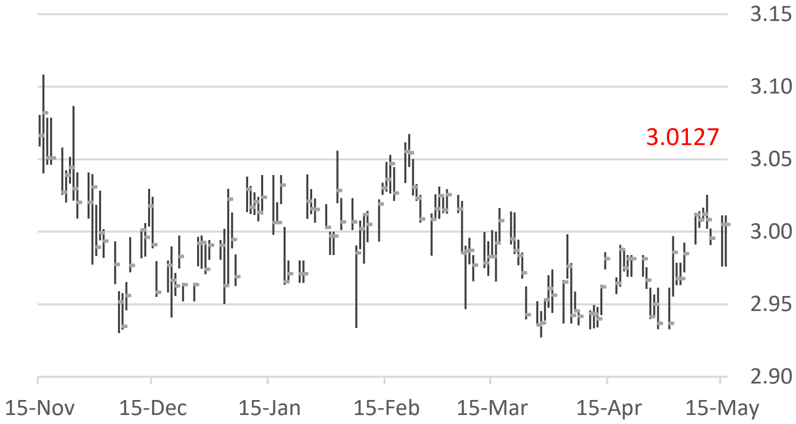


GBP/MYR Slightly Bullish

GBP/MYR opened 0.25% higher at 5.6328 but retreated slightly to 5.6283 at the point of writing. Daily outlook is slightly bullish after Bank of England (BoE) Chief Economist's comments overnight that BOE must guard against inflation. Today, we will be looking out for UK's employment data for any surprises which could reaffirm or temper expectations of BOE's next rate hike.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.5576	5.5881	5.6283	5.6540	5.7022

AUD/MYR



AUD/MYR Slightly Bullish

AUD opened 0.31% higher at 3.0141 but retreated slightly to 3.0127 at the point of writing. Daily outlook is slightly bullish given the higher opening and AUD strength. Minutes from the RBA latest policy meet, meanwhile, showed that the central bankers fretted over risks of inflation. Gains, will however, be capped by weaker than expected China economic data this morning.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9604	2.9827	3.0127	3.0334	3.0699

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