16 June 2023

Global Markets Research

Daily Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bearish

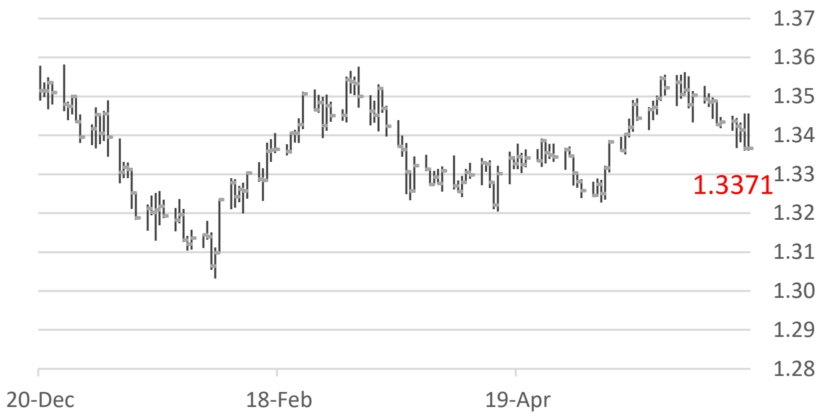
USD/MYR opened 0.01% lower at 4.6255 before retreating to 4.6125 at the point of writing. Daily outlook is neutral to slightly bearish on account of USD weakness overnight and the rally in oil prices is supportive of the MYR. For the former, lingering scepticism on whether the Fed will really hike its fed funds rate as guided by the dot plot has resulted in lower UST yields overnight, and accompanying it, the USD.

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

The USD/MYR 1-month outlook is neutral-to-slightly bullish in our view as the latest dot plot guided for a higher terminal rate at 5.75% for the fed funds rate as well as on the back of its safe haven status. Despite tentative signs of softening, growth in the US economy and labour market have largely stayed resilient. While inflation is in the midst of moderating, core and inflationary expectations have remained elevated. In view of this, the Fed has revised its GDP growth and core-PCE prices upwards for 2023, spurring odds of a stronger USD for the next month. 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	4.5823	4.6041	4.6125	4.6369	4.6477

USD/SGD



USD/SGD Neutral-to-Slightly Bullish

USD/SGD opened flat at 1.3366, spiked to as high as 1.3374 post release of Singapore's trade data where NODX unexpectedly deteriorated further to -14.7% y/y in May. Nonetheless, this pair erased some of its gains to trade at 1.3371 at the point of writing. We have a neutral-to-slightly bullish call today in anticipation of SGD weakness.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3299	1.3333	1.3371	1.3428	1.3489

MYR Crosses

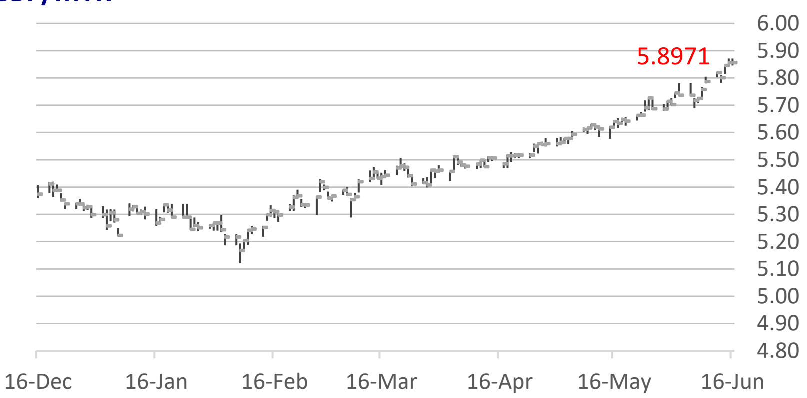
SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.46% higher at 3.4606 but retreated to 3.4508 at the point of writing. Still, this is above the previous close and as such, we are neutral-to-slightly bullish on this pair. We, however, do not expect any significant upside given the weak Singapore NODX data, SGD is overbought as the RSI is high.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.4344	3.4396	3.4508	3.4580	3.4698

GBP/MYR



GBP/MYR Slightly Bullish

GBP/MYR opened 1.02% higher at 5.9144 but pared some of its gains to trade at 5.8971 at the point of writing. Daily outlook is slightly bullish on account of the higher opening as well as on expectations that a turnaround in UK's monthly GDP and a still tight inflationary pressures on the UK front is supportive another 25bps rate hike by the BOE next week, and thus GBP.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.8316	5.8432	5.8971	5.9084	5.9916

AUD/MYR

AUD/MYR Slightly Bullish

AUD opened 0.93% higher at 3.1825 but pared some of its gains to trade at 3.1748 at the point of writing, Daily outlook is slightly bullish on account of the higher opening but we note that AUD has weakened in line with its government bond yields. Next up to watch for will be the RBA minutes of the June policy meeting scheduled on the 20th for the tone of the central bankers.

a	S2	S1	Indicative	R1	R2
AUD/MYR	3.0863	3.1179	3.1748	3.1811	3.2127

Source: Bloomberg, HLBB Global Markets Research

Hong Leong Bank Berhad
Fixed Income & Economic Research, Global Markets
Level 8, Hong Leong Tower
6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel: 603-2081 1221
Fax: 603-2081 8936
Email: HLMarkets@hlbb.hongleong.com.my