

18 May 2023

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bullish

USD/MYR opened 0.10% lower at 4.5215, rebounded to as high as 4.5273 before quickly retreating below previous close at 4.5245 at the point of writing. Daily outlook is neutral-to-slightly bullish on MYR weakness as well as USD strength, albeit. USD will be supported by optimism over the debt ceiling deal, while noting risks that investors may be taking this opportunity to take profits and on the back of risk-on mood which could dampen USD's appeal. Tonight, we will be watching out for existing home sales data, jobless claims as well as Philadelphia Fed Business Outlook index from the US.

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	4.4868	4.5065	4.5245	4.5377	4.5492

USD/SGD

USD/SGD Neutral-to-Slightly Bullish

USD/SGD opened flat at 1.3421. Mirroring previous pair and reaffirming our view that USD strength is shaky, USD/SGD spiked to as high as 1.3428 before paring all its gains to trade at 1.3411 at the point of writing. Daily outlook is neutral-to-slightly bullish with the drivers predominantly USD driven. We believe that USD will be supported by optimism over the debt ceiling deal while sentiment over SGD could be damped by a contraction in NODX.



	S2	S1	Indicative	R1	R2
USD/SGD	1.3370	1.3396	1.3411	1.3445	1.3468

MYR Crosses

SGD/MYR

SGD/MYR Slightly Bullish

SGD/MYR opened 0.03% higher at 3.3712 and strengthened further to 3.3745 at the point of writing. We have a slightly bullish call on this pair given the upper trajectory subsequent to reopening as well as MYR weakness. Key risk for this pair will be Malaysia's trade data, where expectations is that both exports and imports will soften.



	S2	S1	Indicative	R1	R2
SGD/MYR	3.3475	3.3589	3.3745	3.3795	3.3887

GBP/MYR

GBP/MYR Bullish

GBP/MYR opened 0.32% higher at 5.6499 and strengthened further to 5.6506 at the point of writing. Daily outlook is bullish on GBP strength. On Wednesday, BoE Governor Andrew Bailey said that UK's labour market remained tight despite the unexpected fall in payrolled employees, and added that the easing in pace is slower than anticipated.



	S2	S1	Indicative	R1	R2
GBP/MYR	5.5977	5.6148	5.6506	5.6689	5.7045

AUD/MYR



AUD/MYR Slightly Bullish

AUD opened 0.09% higher at 3.0129 and strengthened further to 3.0152 at the point of writing. Daily outlook is slightly bullish given the higher opening and upper trajectory post-opening, supported further by the acceleration in consumer inflation expectations data this morning (May: +5.2% y/y vs Apr: +4.6% y/y). Gains, will however be capped by the downbeat employment numbers, which sent unemployment rate unexpectedly rising to 3.7%.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9866	2.9983	3.0152	3.0187	3.0274

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**DISCLAIMER**

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter.

Potential and actual conflict of interest may arise from the activities of HLB Group. HLB Group constitute a diversified financial services group. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and other activities for their own account or the account of others. In the ordinary course of their business, HLB Group may effect transactions for their own account or for the account of their customers and hold long or short positions in the financial instruments. HLB Group, in connection with its business activities, may possess or acquire material information about the financial instruments. Such activities and information may involve or have an effect on the financial instruments. HLB Group have no obligation to disclose such information about the financial instruments or their activities.

The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.