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

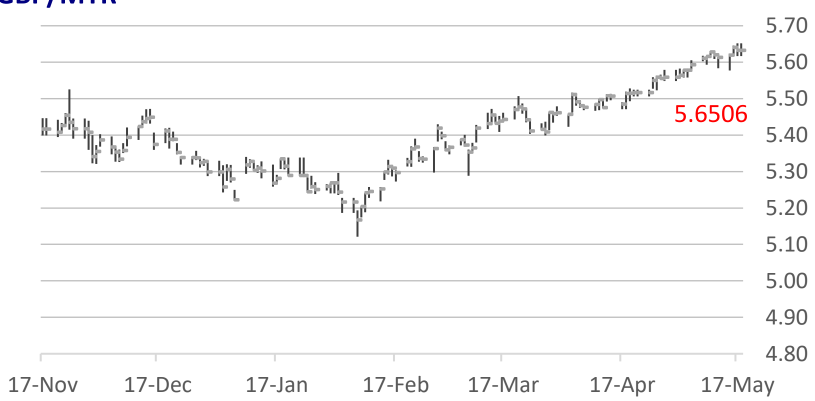
SGD/MYR

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

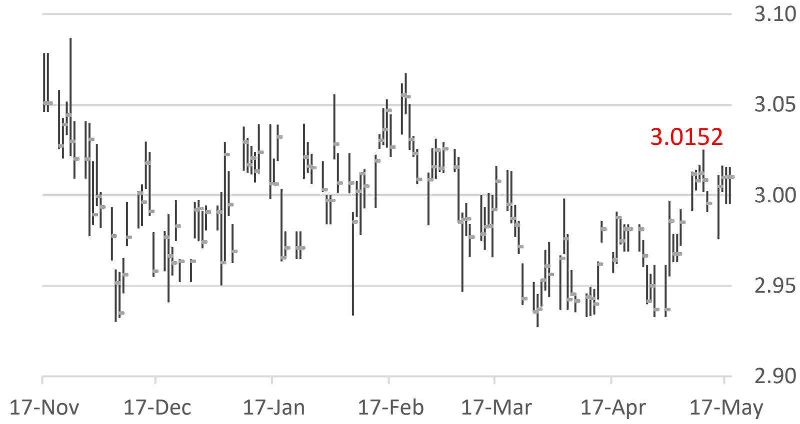


GBP/MYR Bullish

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

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