19 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 0.03% lower at 4.5365 but quickly rebounded to 4.5465 at the point of writing. Daily outlook is neutral-to-slightly bullish with higher UST yields, hawkish Fed speak and optimism over a debt ceiling deal supporting USD. There is no economic data on the US front today, but domestically, Malaysia is expected to unveil a worsening trade data, with both exports and imports expected to contract.

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	4.5135	4.5238	4.5465	4.5509	4.5696

USD/SGD

USD/SGD Neutral-to-Slightly Bullish

USD/SGD opened flat at 1.3479 before strengthening to 1.3484 at the point of writing. There will be no economic data on both fronts today, and as such, we have a neutral-to-slightly bullish call on this pair given the upper trajectory post opening and on expectations that USD will be supported by higher UST yields, hawkish Fed speaks and optimism over a debt ceiling deal.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3378	1.3428	1.3484	1.3510	1.3542

MYR Crosses

SGD/MYR

SGD/MYR Neutral

SGD/MYR opened 0.21% lower at 3.3664, spiked to as high as 3.3754 before paring some of these gains to trade at 3.3717 at the point of writing. Daily outlook is neutral. Despite attempts by the MYR to recapture its strength this morning, MYR strength appeared to be shaky. Moreover, we believe that investors will be watching out for Malaysia's trade data for any surprises.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.3552	3.3634	3.3717	3.3766	3.3798

GBP/MYR

GBP/MYR Neutral-to-Slightly Bearish

GBP/MYR opened 0.24% lower at 5.6328, recovered to as high as 5.6444 before retreating slightly to 5.6372 at the point of writing. Daily outlook is neutral-to-slightly bearish on account of the lower opening and GBP weakness. Nevertheless, any loss will be capped given UK's GfK data this morning showing consumer confidence continued to recover for the fourth month in May.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.6116	5.6289	5.6372	5.6549	5.6635

AUD/MYR

AUD/MYR Neutral-to-Slightly Bullish

AUD opened 0.11% lower at 3.0080, strengthened to as high at 3.0164 before retreating to 3.0127 at the point of writing. Still, this is above previous close. On account of the upper trajectory post opening and AUD strength, we are neutral-to-slightly bullish on this pair. The uptick in inflationary expectation data yesterday (May: +5.2% vs. Apr: +4.6% y/y) is also supportive of AUD.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9748	2.9924	3.0127	3.0194	3.0276

Source: Bloomberg, HLBB Global Markets Research

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