

19 June 2023

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bullish

USD/MYR opened flat at 4.6150 and strengthened to 4.6185 at the point of writing. Daily outlook is neutral-to-slightly bullish on account of USD strength, while uncertainties on the US fed funds rate and Powell's semi-annual testimony to the Joint Economic Committee, as well as Malaysia's trade numbers this week could weigh on the MYR. Nonetheless, trading will most likely be light today given that markets will be closed for the Juneteenth holiday.

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	4.5847	4.5998	4.6185	4.6278	4.6407

USD/SGD



USD/SGD Neutral-to-Slightly Bullish

USD/SGD opened 0.01% higher at 1.3376 and strengthened to 1.3390 at the point of writing. With the exception of the inflation data due later in the week on the Singapore front, a light economic calendar suggests that the direction of this pair will be predominantly USD driven. As such, we have a neutral-to-slightly bullish call on this pair. As it is, consensus is expecting Singapore's inflation to ease to 5.4% from 5.7% previously.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3303	1.3337	1.3390	1.3405	1.3439

MYR Crosses

SGD/MYR

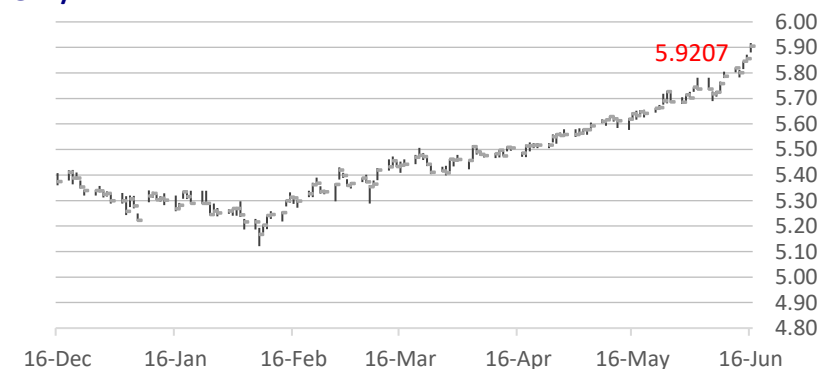


SGD/MYR Neutral

SGD/MYR opened 0.10% lower at 3.4497, traded between 3.4477 and 3.4513 before settling back at the opening level at the point of writing. Daily outlook is neutral as we expect investors to generally stay sideline as the US market is closed today, while investor stay cautious ahead of the slew of economic data on both sides of the borders this week. This includes Singapore and Malaysia's CPI as well as the latter's trade numbers.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.4298	3.4414	3.4497	3.4631	3.4732

GBP/MYR



GBP/MYR Slightly Bullish

GBP/MYR opened 0.28% higher at 5.9213 and was seen hovering at 5.9207 at the point of writing. Daily outlook is slightly bullish on account of GBP strength, with firm economic data released recently supporting expectations of another rate hike of 25bps by the BoE this week as well as GBP strength.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.8632	5.8840	5.9207	5.9378	5.9751

AUD/MYR



AUD/MYR Neutral-to-Slightly Bearish

AUD opened 0.02% lower at 3.1716 and slid to 3.1652 at the point of writing. Daily outlook is neutral-to-slightly bearish given AUD weakness this morning and lower AUD real yields. Nonetheless, hopes of more stimulus from China as well as improved US-China ties after US Secretary of State Antony Blinken visit to Beijing should cap any downswing on this pair.

a	S2	S1	Indicative	R1	R2
AUD/MYR	3.1521	3.1622	3.1652	3.1843	3.1963

Source: Bloomberg, HLBB Global Markets Research

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