

22 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 0.11% lower at 4.6400 but reversed course post-opening, with the pair being taken back up to 4.6440 at the time of writing. We remain neutral-to-slightly bullish on the pair here ahead of Fed Chairman Powell's second day of the semi-annual testimony to Congress tonight, where he could expand on the hawkish message delivered yesterday which hinted at two more possible rate hikes, which should help maintain a bid tone on the currency. Domestically, just mid-June BNM reserves due later this afternoon, ahead of tomorrow's anticipated May CPI report, which will reaffirm that inflation is in continued moderation trend.

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. 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	4.6328	4.6389	4.6440	4.6514	4.6578



USD/SGD



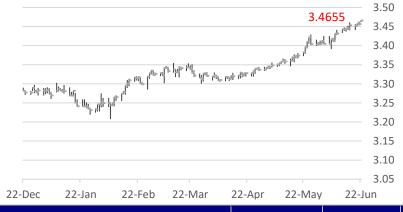
USD/SGD Neutral-to-Slightly Bullish

USD/SGD opened flat at 1.3404, and was slightly offered this morning to stand at 1.3401 at the point of writing. Daily outlook for the pair is neutral-to-slightly bullish as regional currencies are expected to continue to be weighed down by concerns about growth prospects in China. The USD is also expected to remain bid as the market continues to digest the hawkish message from Fed Chairman Powell yesterday.

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				S2		S1	Indicative	R1	R2
	USD	/SGD		1.330)7	1.3362	1.3401	1.3438	1.3472

MYR Crosses

SGD/MYR

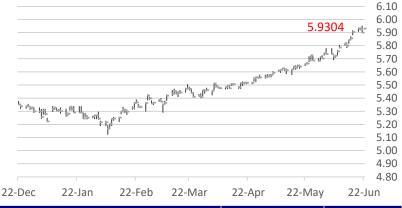


SGD/MYR Neutral-to-Slightly Bearish

SGD/MYR opened 0.31% higher at 3.4670, setting another historical high, but pulled back slightly to 3.4655 at the point of writing. Daily outlook for the pair from here is neutral-to-slightly bearish as the cross is veering into overbought territory and should correct slightly we feel, ahead of the release of May inflation reports for both countries tomorrow.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.4477	3.4519	3.4655	3.4673	3.4771

GBP/MYR



GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.55% higher at 5.9319, correcting a touch to 5.9304 at the point of writing. Daily outlook is expected to be neutral-to-slightly bullish today as the Bank of England meets tonight to decide on rates where they are widely expected to hike by 25 bps. Given the strength of prices and wages data recently, a larger move today cannot be ruled out.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.8819	5.9169	5.9304	5.9343	5.9693



AUD/MYR



AUD/MYR Neutral-to-Slightly Bearish

AUD opened 0.46% higher versus the MYR at 3.1579, and continued its ascent to 3.1593 at the point of writing. We are neutral-to-slightly bearish on this pair today from here, as the market could continue to scale back rate hike expectations from the RBA, which should weigh on the AUD.

a	S2	S1	Indicative	R1	R2
AUD/MYR	3.1241	3.1338	3.1593	3.1721	3.1961

Source: Bloomberg, HLBB Global Markets Research



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