

23 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% higher at 4.5538 and strengthened to 4.5595 at the point of writing. Daily outlook is neutral-to-slightly bullish amid mild boost from two hawkish Fed speaks. Overnight, St Louis President James Bullard said that he favours two more 25bps rate hikes, while his Minneapolis counterpart Neel Kashkari said that June pause is a close call. Tonight, we will also be watching out for the new home sales data, S&P PMIs as well as Fed district indices.

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	4.5238	4.5365	4.5595	4.5652	4.5859

USD/SGD

USD/SGD Neutral

USD/SGD opened flat at 1.3466 before inching upwards to 1.3467 at the point of writing. We have a neutral call on this pair given that it has traded within a tight range of 1.3449-1.3467 this morning, as well as investors staying cautious ahead of Singapore's CPI print to be released today. Expectation is that headline CPI will stay unchanged at 5.5%, while core is set to decelerate to 4.7%.



	S2	S1	Indicative	R1	R2
USD/SGD	1.3391	1.3428	1.3467	1.3488	1.3511

MYR Crosses

SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.08% lower at 3.3791, slid to as low as 3.3783 before rebounding to 3.3858 at the point of writing. This is above previous close, and coupled with MYR weakness, we are neutral-to-slightly bullish on this pair.



	S2	S1	Indicative	R1	R2
SGD/MYR	3.3675	3.3746	3.3858	3.3865	3.3913

GBP/MYR

GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.08% lower at 5.6567 before rebounding to 5.6672. This is just above previous close. Coupled with GBP strength, we are neutral-to-slightly bullish on this pair. In terms of data, investors will turn to S&P PMIs tonight and more importantly, inflation data on Wed for any surprises and on cues for BOE's upcoming decision.



	S2	S1	Indicative	R1	R2
GBP/MYR	5.6380	5.6496	5.6672	5.6676	5.6740

AUD/MYR

AUD/MYR Neutral-to-Slightly Bullish

AUD opened 0.07% higher at 3.0245 and strengthened to 3.0295 at the point of writing. Daily outlook is neutral-to-slightly bullish on AUD strength but this could be capped by slight softening in Australia's May preliminary PMIs data released this morning



	S2	S1	Indicative	R1	R2
AUD/MYR	3.0081	3.0152	3.0295	3.0307	3.0420

Source: Bloomberg, HLBB Global Markets Research

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