

23 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 4.6547 and was better bid as it played catch up with overnight USD moves, with the pair being taken up to 4.6715 at the time of writing. We remain neutral-to-slightly bullish on the pair here with any pullbacks likely to be used as an opportunity to buy. Preliminary US PMI's for June are due tonight, while scheduled comments from the Fed's Bullard and Mester may also be scrutinised for leads. Domestically, the May CPI report is due to be released at noon, which should reaffirm that Malaysian inflation is moderating.

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	4.6596	4.6645	4.6715	4.6792	4.6884

USD/SGD

USD/SGD Neutral-to-Slightly Bullish

USD/SGD opened flat at 1.3450, and was slightly offered this morning to stand at 1.3469 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 continued USD strength as the market continues to digest the hawkish message from Fed Chairman Powell yesterday. Singapore May CPI is due for release this afternoon and is expected to moderate further.



	S2	S1	Indicative	R1	R2
USD/SGD	1.3414	1.3433	1.3469	1.3489	1.3545

MYR Crosses

SGD/MYR

SGD/MYR Neutral-to-Slightly Bearish

SGD/MYR opened 0.30% lower at 3.4614, but retraced back higher to 3.4692 at the point of writing. Daily outlook for the cross is neutral-to-slightly bearish we feel, as the cross is looking overbought technically and may see some correction lower. Both countries will release their May inflation reports later today.



	S2	S1	Indicative	R1	R2
SGD/MYR	3.4580	3.4649	3.4692	3.4754	3.4790

GBP/MYR

GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.32% lower at 5.9334, before heading back upwards to 5.9457 at the point of writing. For the day, the cross is expected to be neutral-to-slightly bullish as the market continues to digest the larger than expected hike by the Bank of England overnight. Preliminary UK PMIs for June and May retail sales reports are due this afternoon.



	S2	S1	Indicative	R1	R2
GBP/MYR	5.9340	5.9433	5.9457	5.9621	5.9714

AUD/MYR



AUD/MYR Neutral-to-Slightly Bearish

AUD opened 0.51% lower versus the MYR at 3.1463, retracing slightly to 3.1490 at the point of writing. We are neutral-to-slightly bearish on this pair today, as the market is likely to continue to scale back rate hike expectations from the RBA. Australia PMI numbers this morning were also weaker than the month before, dragged down by services, which should weigh on the currency.

a	S2	S1	Indicative	R1	R2
AUD/MYR	3.1171	3.1367	3.1490	3.1563	3.1692

Source: Bloomberg, HLBB Global Markets Research

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