

26 May 2023

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts –Neutral-to-Slightly Bullish

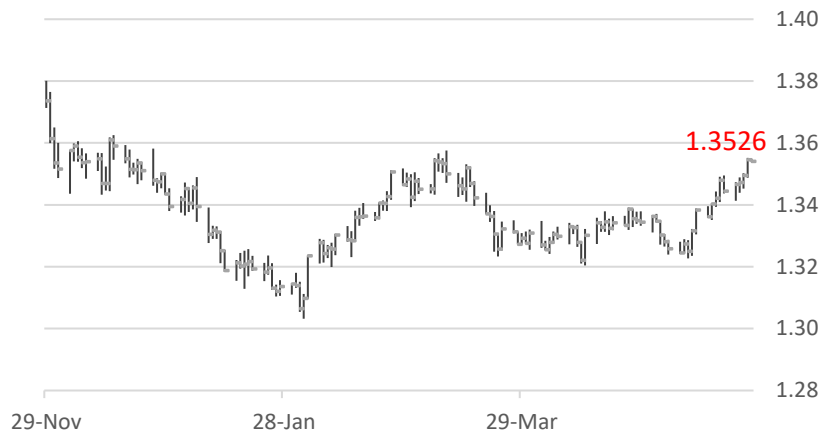
USD/MYR opened 0.09% lower at 4.6225, but rebounded to above previous close at 4.6370 at the point of writing. Daily outlook is neutral-to-slightly bullish as MYR remained under pressure while USD benefited from uncertainties surrounding the US debt-ceiling discussions and upbeat US economic data overnight. Overnight, GOP House Speaker Kevin McCarthy said that negotiators made some progress in late night talks, while on the data front, 1Q GDP was revised upwards and jobless claims data point to a still healthy labour market. While we will be watching out for core PCE prices tonight, key risk for this pair will be any possible downgrade after Fitch put the US' "AAA" debt ratings on negative watch.

1-Month Outlook – USD/MYR Neutral

The USD/SGD outlook is neutral in our view, amid expectations for eventual USD consolidation torn between the end-of Fed tightening cycle, expectations for Fed rate cut, and haven demand given the greenback's dominant position as the world reserve 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, we do expect some support for the USD as the impasse on the debt ceiling edges closer to a resolution. 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	4.5840	4.6052	4.6370	4.6480	4.6800

USD/SGD



USD/SGD Neutral

USD/SGD opened flat at 1.3546 but dipped to 1.3525 at the point of writing. Despite the lower trajectory subsequent to opening, we are neutral on this pair on expectations that USD will play catch-up given its strength. Key risk for this pair will be Singapore's IPI data this afternoon where expectations is that it will worsen to -4.5% y/y and this will not bode well for SGD.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3465	1.3505	1.3526	1.3569	1.3593

MYR Crosses

SGD/MYR



SGD/MYR Neutral-to-Slightly bullish

SGD/MYR opened 0.20% lower at 3.4146 but erased all its losses to trade at 3.4288 at the point of writing. We are neutral-to-slightly bullish on this pair given the upper trajectory subsequent to opening as well as MYR weakness. Nevertheless, we expect investors to stay cautious with both sides of the border set to release economic data one after another this afternoon. As it is, Malaysia's CPI is set to soften to 3.3%, while the contraction in Singapore's IPI is set to worsen to -4.5% y/y respectively.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.3979	3.4098	3.4288	3.4345	3.4528

GBP/MYR

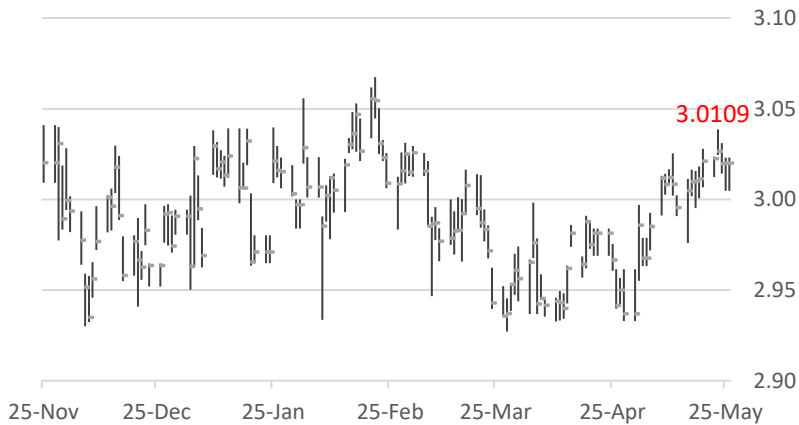


GBP/MYR Neutral-to-Slightly Bearish

GBP/MYR opened 0.49% lower at 5.6983 but rebounded slightly to 5.7065 at the point of writing. We have a neutral-to-slightly bearish call on this pair given the lower opening and GBP weakness, despite BOE's Haskel signalling support for more interest rate hikes.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.6638	5.6952	5.7065	5.7438	5.7610

AUD/MYR



AUD/MYR Neutral

AUD opened 0.43% lower at 3.0070, rose to as high as 3.0139 before settling at 3.0109 at the point of writing. Daily outlook is neutral amid weaknesses in both AUD and MYR. Data this morning showed that retail sales unexpectedly stagnated, supporting expectations that RBA will likely maintain the policy rate and this does not bode well for AUD.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9791	2.9975	3.0109	3.0272	3.0343

Source: Bloomberg, HLBB Global Markets Research

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