26 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 0.05% lower at 4.6760 but reversed course to head higher, with the pair being taken up to 4.6873 at the time of writing. We remain neutral-to-slightly bullish on the pair here as the geopolitical events over the weekend are likely to result in some safe haven bid with the USD being the beneficiary of any risk off moves. With little on the economic calendar for either country today, trading in the pair will likely be dominated by these USD headwinds. The psychological level of 4.7000 is seen as a strong resistance level for any possible upside move.

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	4.6617	4.6703	4.6873	4.6954	4.7205

USD/SGD

USD/SGD Neutral-to-Slightly Bullish

USD/SGD opened 0.01% lower at 1.3517, and was slightly offered this morning to stand at 1.3509 at the point of writing. Daily outlook for the pair is neutral-to-slightly bullish as the events over the weekend should lead to some risk off and the USD being better bid. Singapore industrial production for May is due to be released later today, and the market expects a slightly larger decline on an annual basis.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3402	1.3461	1.3509	1.3555	1.3590

MYR Crosses

SGD/MYR

SGD/MYR Neutral-to-Slightly Bearish

SGD/MYR opened 0.07% higher at 3.4611, and marched higher to 3.4699 at the point of writing. Daily outlook for the cross is neutral-to-slightly bearish from here we feel, as the pair is looking overbought technically and may see some correction lower, with momentum indicators also showing some slowing down.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.4533	3.4623	3.4699	3.4767	3.4911

GBP/MYR

GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.09% higher at 5.9552, and advanced further to 5.9685 at the point of writing. For today 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 last week. Support is seen at 5.9580 today while resistance is expected at 5.9868

	S2	S1	Indicative	R1	R2
GBP/MYR	5.9450	5.9580	5.9685	5.9868	5.9950

AUD/MYR

a	S2	S1	Indicative	R1	R2
AUD/MYR	3.1086	3.1203	3.1323	3.1384	3.1501

Source: Bloomberg, HLBB Global Markets Research

AUD/MYR Neutral-to-Slightly Bearish

AUD opened 0.20% lower versus the MYR at 3.1258, but retraced higher to 3.1323 at the point of writing. We are neutral-to-slightly bearish on the pair today, with support coming in at 3.1203 while some resistance should be seen at the 3.1384 level.

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