27 June 2023

Global Markets Research

Daily Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral

USD/MYR opened 0.11% lower at 4.6700 and continued its descent further to 4.6620 at the time of writing, dragged down by a lower USD/CNY this morning. We are neutral on the pair today from here as the geopolitical events over the weekend are likely to result in some continued USD safe haven bid, but this could be offset by some respite for the local currency that looks to be oversold in the short term. Nothing on the economic calendar domestically today, while the US sees the release of durable goods orders, new home sales and consumer confidence reports. Support seen at 4.6500 for today, while 4.6750 should provide some resistance topside.

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	4.6406	4.6500	4.6620	4.6750	4.6875

USD/SGD

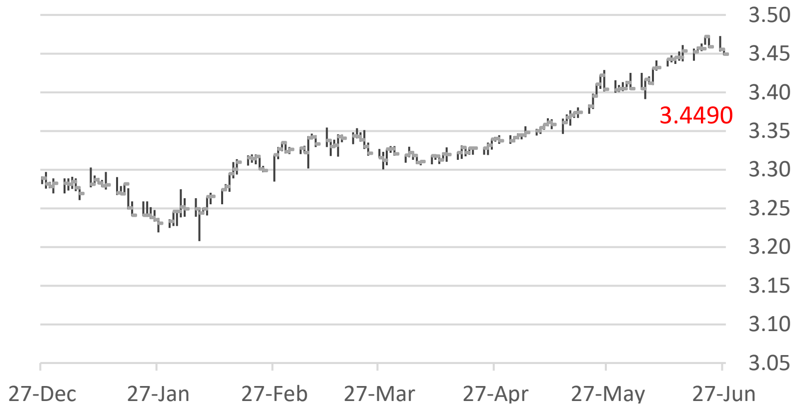
USD/SGD Neutral-to-Slightly Bullish

USD/SGD opened flat at 1.3535, and was slightly offered this morning to stand at 1.3517 at the point of writing. Daily outlook for the pair is neutral-to-slightly bullish as the events over the weekend should continue to lead to some risk off and a bid tone for the USD. Nothing on the radar today domestically, so the market will look stateside for leads.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3452	1.3489	1.3517	1.3549	1.3563

MYR Crosses

SGD/MYR

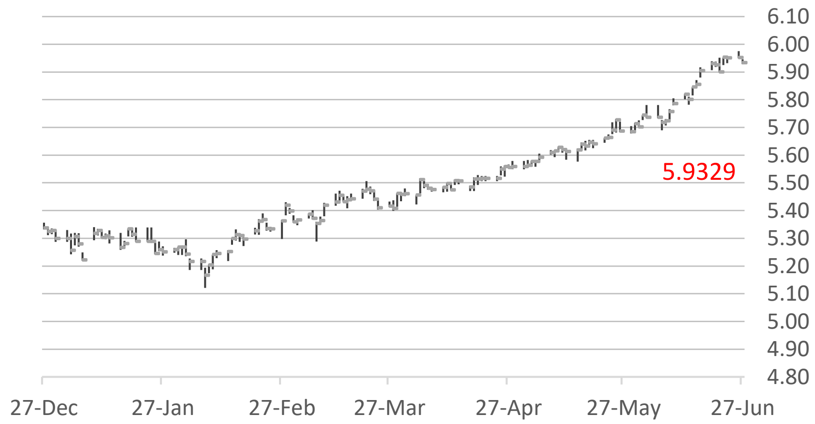


SGD/MYR Neutral-to-Slightly Bearish

SGD/MYR opened 0.04% lower at 3.4538, and declined further to 3.4490 at the point of writing. Daily outlook for the cross remains neutral-to-slightly bearish we feel, with a possible continuation of the correction that we saw yesterday likely in the absence of any significant economic data releases in either country.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.4197	3.4400	3.4490	3.4603	3.4679

GBP/MYR



GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.16% lower at 5.9424, and declined further to 5.9329 at the point of writing. The daily outlook for the pair from here is neutral-to-slightly bullish, with strong support seen at 5.9200 today while some resistance is expected at 5.9590. The Bank of England's Dhingra and Tenreyro who voted to keep rates unchanged at the June policy meeting, are due to speak later today.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.9068	5.9200	5.9329	5.9590	5.9683

AUD/MYR

AUD/MYR Neutral-to-Slightly Bullish

AUD opened 0.04% higher versus the MYR at 3.1205, and continued climbing higher to 3.1293 at the point of writing. We are neutral-to-slightly bullish on this cross today from here, with support coming in at 3.1249 while some resistance should be seen at the 3.1468 level.

a	S2	S1	Indicative	R1	R2
AUD/MYR	3.1111	3.1249	3.1293	3.1468	3.1687

Source: Bloomberg, HLBB Global Markets Research

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