

28 April 2023

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral

USD/MYR opened 0.26% lower at 4.4515, rebounded to as high as 4.4608 before retreating slightly to 4.4600 at the point of writing. Still, this is below previous close and as such. We are neutral on this pair. While MYR has strengthened against regional and G10 currencies supported by a recovery in oil prices, DXY has largely stayed flat this morning after trading just above the flatline overnight. As it is, the higher-than-expected inflation component of the GDP renewed hawkish concerns about the Fed and thus supporting USD.

1-Month Outlook – USD/MYR Neutral-to-Slightly Bearish

USD/MYR outlook is neutral to slightly bearish amid expectations of USD weakness torn between dampened Fed rate hike/cut expectations and haven demand given the greenback's dominant position as the world reserves currency. There are tentative signs growth in the US economy is losing its resiliency and recent price reports reaffirm that inflation is tapering off, probably slightly more than expected. Tightening financial conditions and liquidity concerns triggered by the recent banking rout further weakened the case for further policy tightening, and shall exert pressure on the USD. On the domestic front, the SVB and financial markets jitters appeared muted and contained for now while growth prospect remained decent. With BNM assessment on a fairly balanced risk to growth outlook and upside risks to inflation, we believe odds remain for a further 25bps OPR hike by BNM, hence auguring well with MYR bulls.

	S2	S1	Indicative	R1	R2
USD/MYR	4.4372	4.4488	4.4608	4.4677	4.4720

USD/SGD

USD/SGD Neutral

USD/SGD opened flat at 1.3349, inched up to 1.3359 before paring its gains to trade little changed at 1.3347 at the point of writing. We are neutral on this pair given expectations that investors will generally stay cautious today ahead of US core-PCE prices due to be released tonight. This is especially so since the 1Q GDP price deflator surprised on the upside.



	S2	S1	Indicative	R1	R2
USD/SGD	1.3316	1.3333	1.3347	1.3372	1.3394

MYR Crosses

SGD/MYR

SGD/MYR Neutral

SGD/MYR opened 0.10% higher at 3.3433 but pared its gains and retreated to 3.3417 at the point of writing. We are neutral on this pair in a tug-of-war between MYR and SGD strength this morning and in the absence of economic data on both fronts. Next week, we will be watching out for BNM's decision on the OPR and on Singapore's front, its official PMI as well as retail sales numbers.



	S2	S1	Indicative	R1	R2
SGD/MYR	3.3333	3.3367	3.3417	3.3457	3.3519

GBP/MYR

GBP/MYR Slightly Bullish

GBP/MYR opened 0.43% higher at 5.5782, largely traded range bound between 5.57-5.58 level, before settling at 5.5733 at the point of writing. Daily outlook is slightly bullish given the higher opening. Capping any further gains will be higher UST yields which would exert some pressure on sterling. Data this morning also showed that Lloyds Business Barometer trended slightly upwards by 1 point to 33.



	S2	S1	Indicative	R1	R2
GBP/MYR	5.5441	5.5492	5.5733	5.5849	5.5953

AUD/MYR



AUD/MYR Slightly Bullish

AUD opened 0.33% higher at 2.9595, largely traded within the range 2.9550-2.9600 before settling at 2.9583 at the point of writing. Daily outlook is slightly bullish on AUD strength. The Aussie is, nevertheless expected to remain on the tenterhooks as investors await RBA's decision next Tuesday and quarterly monetary policy statement on Friday. Data wise, private sector credit matched expectations to remain unchanged at 0.3% m/m this morning.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9349	2.9422	2.9583	2.9644	2.9793

Source: Bloomberg, HLBB Global Markets Research

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