28 June 2023

Global Markets Research

Daily Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral

USD/MYR opened 0.13% lower at 4.6602 but reversed course and was taken up to 4.6693 at the point of writing. We are neutral on the pair today, with nothing on the economic calendar domestically before the Hari Raya Haji holiday tomorrow. Over in the US, trade balance is due to be released tonight, but the highlight will be Fed Chairman Powell's appearance on a policy panel alongside the governors from the BoE, ECB and BoJ at an ECB conference in Portugal.

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	4.6499	4.6581	4.6693	4.6761	4.6859

USD/SGD

	S2	S1	Indicative	R1	R2
USD/SGD	1.3424	1.3458	1.3504	1.3533	1.3574

USD/SGD Neutral-to-Slightly Bullish

USD/SGD opened flat at 1.3492, and was better bid this morning to stand at 1.3504 at the point of writing. Daily outlook for the pair is neutral-to-slightly bullish. With nothing on the radar today domestically ahead of the Hari Raya Haji holiday tomorrow, trading in the pair should be dominated by the directionality of the USD.

MYR Crosses

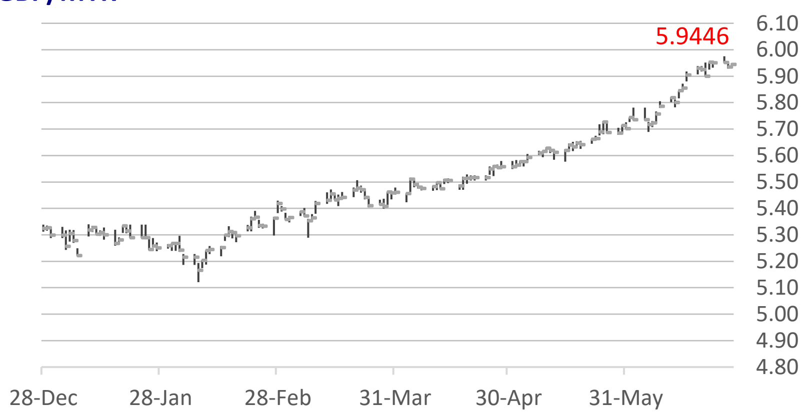
SGD/MYR

	S2	S1	Indicative	R1	R2
SGD/MYR	3.4313	3.4429	3.4576	3.4615	3.4661

SGD/MYR Neutral-to-Slightly Bearish

SGD/MYR opened 0.02% higher at 3.4574, and trickled up to 3.4576 at the point of writing. Daily outlook for the currency pair is neutral-to-slightly bearish. In the absence of any significant economic data releases in either country, the recent correction lower may continue to play out. 3.4615 should provide resistance, while support for the cross is seen at 3.4429

GBP/MYR



	S2	S1	Indicative	R1	R2
GBP/MYR	5.9258	5.9379	5.9446	5.9591	5.9803

GBP/MYR Neutral

GBP/MYR opened 0.22% higher at 5.9476, but pulled back to 5.9446 at the point of writing. The daily outlook for the pair from here is neutral, with some support seen at 5.9379 today while resistance topside is expected at 5.9591. Nothing due domestically in terms of economic data, and comments from the BoE's governor Andrew Bailey at a policy panel today will be scrutinized for leads.

AUD/MYR

AUD/MYR Neutral-to-Slightly Bearish

AUD opened 0.11% lower versus the MYR at 3.1185, and plunged to 3.0967 at the point of writing after Australia CPI came out weaker than expected. We are neutral-to-slightly bearish on this cross today, as the implications of the weaker CPI on policy going forward should continue to weigh on the AUD. Support for the pair is seen at 3.0880 while 3.1066 should provide some resistance.

a	S2	S1	Indicative	R1	R2
AUD/MYR	3.0805	3.0880	3.0967	3.1066	3.1142

Source: Bloomberg, HLBB Global Markets Research

Hong Leong Bank Berhad
Fixed Income & Economic Research, Global Markets
Level 8, Hong Leong Tower
6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel: 603-2081 1221
Fax: 603-2081 8936
Email: HLMarkets@hlbb.hongleong.com.my