

29 May 2023

## Global Markets Research

### Daily Currency Outlook

#### USD/MYR



Source: Bloomberg, HLBB Global Markets Research

#### Intraday Thoughts –Slightly Bullish

USD/MYR opened 0.24% higher at 4.6112 and nudged up to 4.6180 at the point of writing. Daily outlook is slightly bullish on MYR weakness, while USD will be supported by expectations that the Fed will keep interest rates higher for longer to combat sticky inflation. Last Friday, data showed US headline PCE prices accelerated more than forecast to +4.4% y/y in April, while core unexpectedly picked up to +4.7% y/y. This contrasted with the continued moderation in Malaysia CPI. Combined with a strong wage growth and robust consumer spending numbers, this suggests that demand-pull inflation may stay sticky in the near term. Next up will be a string of home prices data due tomorrow, as well as the Conference Board's Consumer Confidence and Dallas Fed Manufacturing Activity indices.

#### 1-Month Outlook – USD/MYR Neutral

The USD/MYR 1-month 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. In addition, concerns over the recent banking rout and the consequential tightening financial conditions and liquidity concerns, 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, and as the latest PCE print registered a surprised uptick. 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	4.5736	4.5869	4.6180	4.6267	4.6532

## USD/SGD

## USD/SGD Neutral

USD/SGD opened 0.08% lower at 1.3511 before paring its loss to trade at 1.3524 at the point of writing. Daily outlook is neutral given the lack of drivers today. The US will be closed for Memorial Day while there will be no economic numbers scheduled on Singapore's front this week.



	S2	S1	Indicative	R1	R2
USD/SGD	1.3473	1.3497	1.3524	1.3551	1.3635

## MYR Crosses

### SGD/MYR

### SGD/MYR Slightly Bullish

SGD/MYR opened 0.11% lower at 3.4001 but rebounded above its previous close at 3.4143 at the point of writing. Daily outlook is slightly bullish on account of a soft MYR. BNM's comments that the ringgit's performance "should improve as uncertainties from global market developments subside," meanwhile, seemed to fail to alleviate concerns over MYR weakness this morning.



	S2	S1	Indicative	R1	R2
SGD/MYR	3.3836	3.3936	3.4143	3.4214	3.4390

### GBP/MYR

### GBP/MYR Slightly Bullish

GBP/MYR opened 0.12% lower at 5.6793 but quickly rebounded and broke the 5.70 level to trade at 5.7033 at the point of writing. Daily outlook slightly bullish not only on MYR weakness but also on GBP strength, the latter will be supported by better-than expected consumer spending data released last Friday. Key risk for this pair this week will be the mortgage approvals as well as final PMIs data.



	S2	S1	Indicative	R1	R2
GBP/MYR	5.6581	5.6722	5.7033	5.7109	5.7355

## AUD/MYR

## AUD/MYR Slightly Bullish

AUD opened 0.05% lower at 3.0015, made a U-turn to increase to 3.0184 at the point of writing. Daily outlook is slightly bullish on AUD strength, supported by expectations that the Aussie's inflation print, due to be released later in the week, will accelerate to 6.4% y/y in April. This will keep optimism that the RBA, like the Fed, will keep rates higher for longer.



	S2	S1	Indicative	R1	R2
AUD/MYR	2.9880	2.9954	3.0184	3.0286	3.0489

Source: Bloomberg, HLBB Global Markets Research

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

**DISCLAIMER**

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter.

Potential and actual conflict of interest may arise from the activities of HLB Group. HLB Group constitute a diversified financial services group. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and other activities for their own account or the account of others. In the ordinary course of their business, HLB Group may effect transactions for their own account or for the account of their customers and hold long or short positions in the financial instruments. HLB Group, in connection with its business activities, may possess or acquire material information about the financial instruments. Such activities and information may involve or have an effect on the financial instruments. HLB Group have no obligation to disclose such information about the financial instruments or their activities.

The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.