30 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 0.03% lower at 4.6707 but reversed course and was taken up to 4.6805 at the point of writing, as the domestic market caught up with the USD strength elsewhere around the globe on the Hari Raya Haji holiday yesterday. We are neutral-to slightly bullish on the pair today, and with nothing on the economic calendar domestically, the market should be led by the overall tone in the USD, which is expected to be generally better bid. Stateside, due today is the release of personal income and spending numbers for May, the regional Chicago PMI report, as well as the final University of Michigan June consumer confidence numbers, where the market will focus on any changes in longer-term inflation expectations.

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	4.6621	4.6700	4.6805	4.6890	4.6979

USD/SGD

USD/SGD Neutral-to-Slightly Bullish

USD/SGD opened flat at 1.3565, and was a touch lower at 1.3563 at the point of writing. Daily outlook for the pair is neutral-to-slightly bullish. With no Tier 1 data out today domestically, trading in the pair should be dictated by the USD, which is expected to be better bid. Resistance for the pair seen at 1.3586, whilst some support can be expected at 1.3529.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3492	1.3529	1.3563	1.3586	1.3663

MYR Crosses

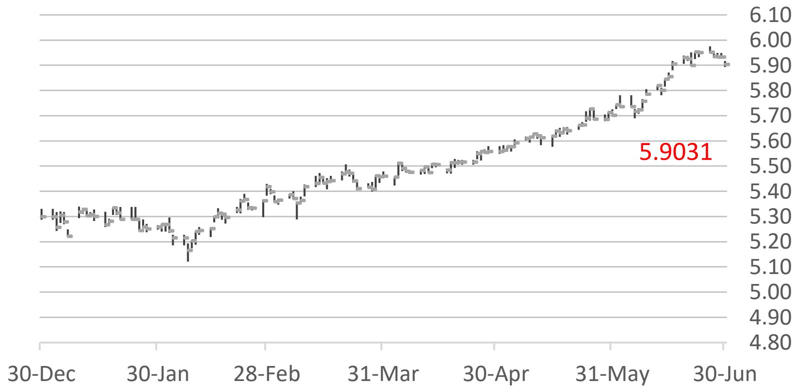
SGD/MYR

SGD/MYR Neutral-to-Slightly Bearish

SGD/MYR opened 0.33% lower at 3.4448, but headed back higher to 3.4504 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, we see the recent correction lower from the historical high of 3.4730 continuing to play out. Support seen at 3.4457 below whilst 3.4548 should provide some resistance for the cross.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.4334	3.4457	3.4504	3.4548	3.4607

GBP/MYR



GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.66% lower at 5.8932, but clawed its way back to 5.9031 at the point of writing. The daily outlook for the pair from here is neutral-to-slightly bullish, with strong support seen at 5.8900 today while some resistance topside is expected at 5.9141. Final UK Q1 GDP is due today, as is the Nationwide House Price report.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.8847	5.8900	5.9031	5.9141	5.9288

AUD/MYR

AUD/MYR Neutral-to-Slightly Bullish

AUD opened 0.27% lower versus the MYR at 3.0918, and recovered slightly to 3.0954 at the point of writing. We are neutral-to-slightly bullish on this cross today ahead of the RBA rate decision this coming Tuesday, and the currency could benefit as the market moves to price in a slightly closer outcome than the 33% chance of a hike that is currently priced. Support for the pair is seen at 3.0905 today, while 3.1046 should provide some resistance.

a	S2	S1	Indicative	R1	R2
AUD/MYR	3.0848	3.0905	3.0954	3.1046	3.1187

Source: Bloomberg, HLBB Global Markets Research

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