

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

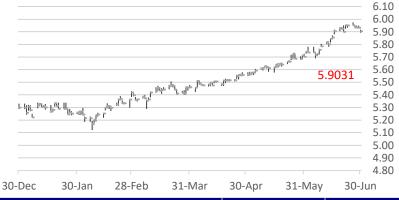


SGD/MYR Neutral-to-Slightly Bearish

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



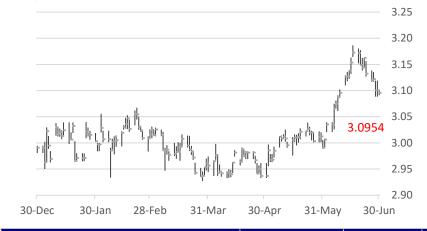
GBP/MYR Neutral-to-Slightly Bullish

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 should 3.1046 provide some resistance.

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

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

Tel: 603-2081 1221 Fax: 603-2081 8936

Email: <u>HLMarkets@hlbb.hongleong.com.my</u>

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.