

31 May 2023

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bullish

USD/MYR opened 0.09% lower at 4.5985 but quickly pared its losses to trade at 4.6042 at the point of writing. Daily outlook is neutral to slightly bullish as DXY held firmly above the 104-handle, supported by Fed rate hike expectations, where swap pricing still indicates odds of rate hikes in June and July. Key risk for this pair will be any turn in risk sentiment as investors patiently wait to see if the tentative agreement to raise debt ceiling can be implemented by June 5th.

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	4.5743	4.5906	4.6042	4.6129	4.6232

USD/SGD

USD/SGD Neutral-to-Slightly Bullish

USD/SGD opened flat at 1.3505 before trending up to 1.3515 at the point of writing. Daily outlook is neutral-to-slightly bullish on account of SGD weakness but expect the pair to largely manoeuvre around the flatline, with the USD battling between rate hike expectations and risk on sentiment.



	S2	S1	Indicative	R1	R2
USD/SGD	1.3456	1.3481	1.3515	1.3543	1.3580

MYR Crosses

SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.09% higher at 3.4072 but retreated slightly to 3.4062 at the point of writing. Still, this is above previous close. Coupled with broad weakness in MYR and the 4% plunge in oil prices overnight which will weigh on MYR, we are thus, neutral-to-slightly bullish on this pair.



	S2	S1	Indicative	R1	R2
SGD/MYR	3.3956	3.3999	3.4062	3.4090	3.4138

GBP/MYR

GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.01% lower at 5.7129 but rebounded to 5.7178 at the point of writing. Daily outlook is neutral to slightly bullish on GBP strength as sterling rebounded above the 1.24 resistance, supported by signs of persistence in the UK's food and headline inflation which has raised expectations of more BOE rate hikes.



	S2	S1	Indicative	R1	R2
GBP/MYR	5.6728	5.6930	5.7178	5.7248	5.7364

AUD/MYR



AUD/MYR Slightly Bearish

AUD opened 0.41% lower at 2.9997, slid as low as 2.9938 before retracing to 2.9990 at the point of writing. Daily outlook is slightly bearish on account of the lower opening as well as AUD weakness. AUD will also be weighed down by the weaker than expected China PMIs data this morning, but the blow will be softened by the unexpected pick-up in Australia's private sector credit growth as well as RBA's Governor Philip Lowe hawkish statement saying that he will do what is necessary to make sure inflation returns to target but added that it will be data dependent.

AUD/MYR	2.9732	2.9922	2.9990	3.0212	3.0302

Source: Bloomberg, HLBB Global Markets Research

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