12 July 2023

Global Markets Research

Daily Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bullish

USD/MYR opened 0.19% lower at 4.6500 but retraced slightly to 4.6535 at the point of writing. We are neutral-to-slightly bullish on USD/MYR from here with plenty to keep us busy today. Domestic manufacturing sales and industrial production data is due at noon, while over in the US, the highly anticipated CPI report for June is scheduled for release tonight. Comments from the Fed's Barkin and Kashkari tonight will also be watched for more clues on the Fed's current thinking. Technically, we see support kicking in at the 4.6463 level, while some resistance is expected at 4.6608.

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 more neutral tone in BNM's latest monetary policy statement and slightly accommodative policy stance implied that the current OPR rate is near neutral level. Moderating growth and inflation prospects, coupled with little risks to financial imbalances, 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	4.6318	4.6463	4.6535	4.6608	4.6672

USD/SGD

USD/SGD Neutral-to-Slightly Bullish

USD/SGD opened 0.01% lower at 1.3409 and continued to decline to 1.3386 at the point of writing. Daily outlook today for the pair is neutral-to-slightly bullish, with some decent support expected at 1.3369 whilst resistance is seen at 1.3444. Nothing due out of Singapore today economic data wise.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3315	1.3369	1.3386	1.3444	1.3531

MYR Crosses

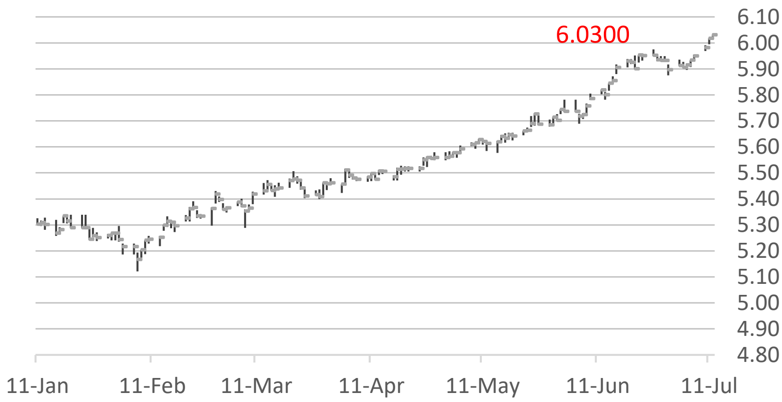
SGD/MYR

SGD/MYR Neutral

SGD/MYR opened 0.07% higher at 3.4760 and inched a little higher to 3.4762 at the point of writing. We are neutral on the cross from here today, with some support seen at 3.4720 below, while strong resistance is expected above at 3.4811

	S2	S1	Indicative	R1	R2
SGD/MYR	3.4629	3.4720	3.4762	3.4811	3.4902

GBP/MYR



GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.16% higher at 6.0259, and traded up further to 6.0300 at the point of writing. The daily outlook for the pair is neutral-to-slightly bullish, with resistance expected at 6.0410, while some support can be seen at 6.0246 below. The Bank of England releases their financial stability report later today which may influence trading in the Sterling for the day.

	S2	S1	Indicative	R1	R2
GBP/MYR	6.0099	6.0246	6.0300	6.0410	6.0555

AUD/MYR

AUD/MYR Neutral

AUD opened 0.27% higher versus the MYR at 3.1181, but headed up even higher to 3.1267 at the point of writing. We are neutral on this pair from here, with some support seen below at 3.1200, while strong resistance is expected for the cross at 3.1303. RBA Governor Lowe is scheduled to speak later today and his comments will be closely scrutinized.

a	S2	S1	Indicative	R1	R2
AUD/MYR	3.1120	3.1200	3.1267	3.1303	3.1486

Source: Bloomberg, HLBB Global Markets Research

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