13 July 2023

Global Markets Research

Daily Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Slightly Bearish

USD/MYR opened 0.68% lower at 4.6200 but retraced slightly to 4.6213 at the point of writing. Daily outlook is slightly bearish as USD remained under pressure from the softer than expected US CPI indicators overnight, Bank of Canada's expected 25bps increase in its policy rate as well as expectations of more ECB and BOE tightening. Tonight, we will be watching out for US PPI but we do not expect major surprises on this front, with headline expected to decelerate further to +0.4% y/y in June from +1.1% y/y previously.

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	4.5709	4.5850	4.6213	4.6568	4.6619

USD/SGD

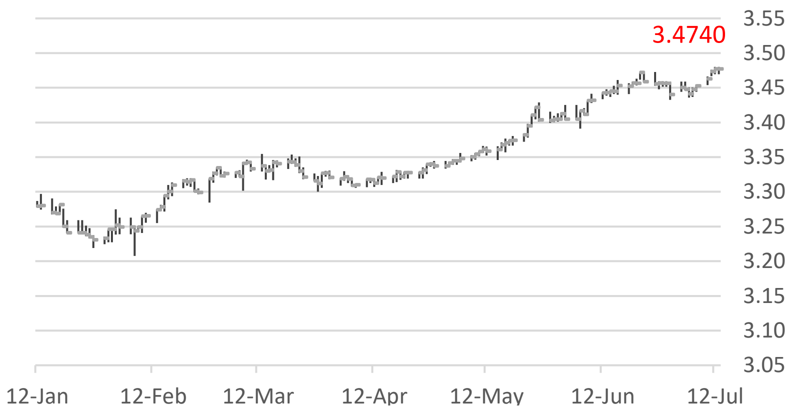
USD/SGD Neutral-to-Slightly Bearish

USD/SGD opened flat at 1.3302 and largely remained stable at 1.3301 at the point of writing. Daily outlook is neutral-to-slightly bearish on account of USD weakness while investors stay cautious ahead of the release of advance estimate of Singapore's 2Q GDP tomorrow morning. Consensus is expecting economic growth to improve to -0.2% q/q and +0.5% y/y from -0.4% q/q and +0.4% y/y in 1Q.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3217	1.3259	1.3301	1.3378	1.3455

MYR Crosses

SGD/MYR

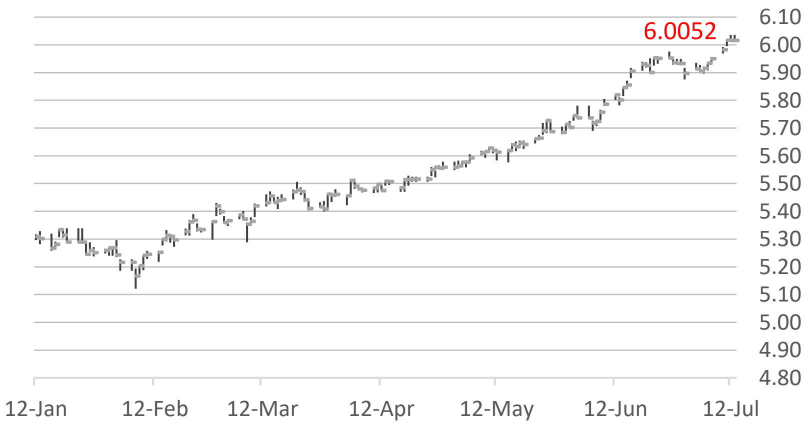


SGD/MYR Slightly Bearish

SGD/MYR opened 0.02% lower at 3.4762 and slid to 3.4740 at the point of writing. Daily outlook is slightly bearish on account of MYR strength supported by higher oil prices as well as a bigger than expected 4.7% y/y increase in May's IPI. Key risk for this pair will be the release of Singapore's advanced 2Q GDP data tomorrow morning.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.4651	3.4710	3.4740	3.4815	3.4861

GBP/MYR



GBP/MYR Neutral-to-Slightly Bearish

GBP/MYR opened 0.15% lower at 6.0057 and weakened further to 6.0052 at the point of writing. Daily outlook is neutral-to-slightly bearish on account of MYR strength benefitting from higher oil prices. Next up will be UK's May GDP data due to be released this afternoon for more clues on BOE's next moves.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.9712	5.9958	6.0052	6.0297	6.0450

AUD/MYR

AUD/MYR Bullish

AUD opened 0.80% higher at 3.1390 but retreated slightly to 3.1376 at the point of writing. Daily outlook is bullish on account of increased risk appetite as well as still elevated consumer inflation expectations data this morning. RBA's Governor Philip Lowe comments that further hikes may be needed will also be supportive of AUD.

a	S2	S1	Indicative	R1	R2
AUD/MYR	3.0641	3.0915	3.1376	3.1463	3.1737

Source: Bloomberg, HLBB Global Markets Research

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