14 July 2023

Global Markets Research

Daily Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Bearish

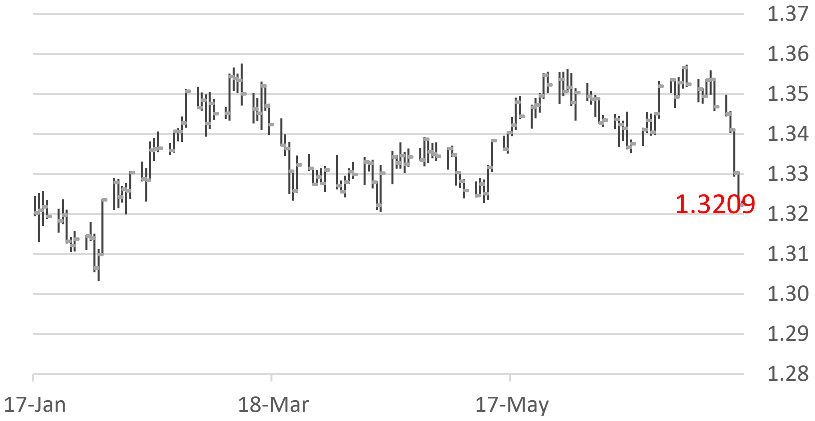
USD/MYR opened 0.48% lower at 4.5603 and retreated three big figures to 4.5330 at the point of writing. Daily outlook is bearish given USD weakness amidst expectations that Fed will halt its tightening policy beyond the July FOMC meeting after the softer-than-expected PPI data overnight reaffirmed softer price pressures going forward. Lower UST yield and the DXY dipping below 100 for the first time since April 2022 also do not bode well in terms of sentiment towards USD.

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	4.4965	4.5200	4.5330	4.6099	4.6375

USD/SGD



USD/SGD Slightly Bearish

USD/SGD opened flat at 1.3221 and dipped to 1.3209 at the point of writing. Daily outlook is slightly bearish on USD weakness as well as SGD strength vis-à-vis G10 currencies this morning. The unexpected rebound in Singapore's advanced 2Q GDP data released this morning is also supportive of SGD.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3156	1.3188	1.3209	1.3280	1.3340

MYR Crosses

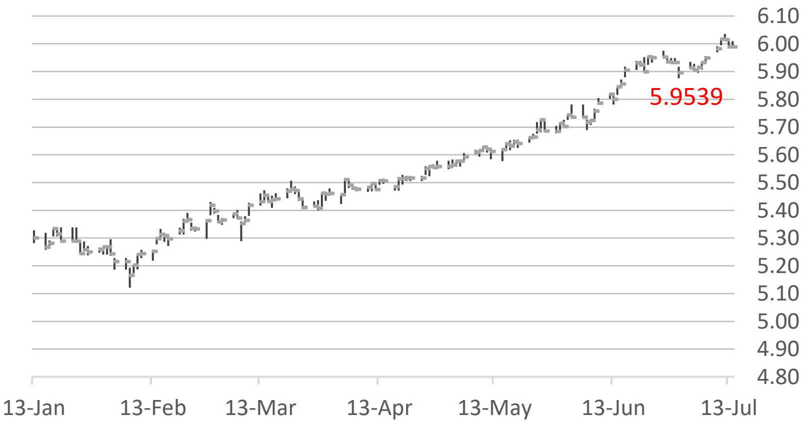
SGD/MYR

SGD/MYR Slightly Bearish

SGD/MYR opened 0.28% higher at 3.4669 before erasing all its gains to trade at 3.4329 at the point of writing. Daily outlook is slightly bearish this morning on MYR strength, supported partly by the overnight spike in oil prices after Libya's second biggest oil field halted production amidst protest.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.4075	3.4215	3.4329	3.4839	3.5039

GBP/MYR



GBP/MYR Slightly Bearish

GBP/MYR opened 0.45% higher at 6.0165 before retreating to 5.9539 at the point of writing. Daily outlook is slightly bearish on MYR strength as well as GBP weakness as overnight data showed that UK GDP shrank slightly by 0.1% in May, raising concerns over a recession as BoE continues to tighten its monetary policy.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.9120	5.9375	5.9539	6.0205	6.0473

AUD/MYR

AUD/MYR Slightly Bearish

AUD opened 0.55% higher at 3.1569 but quickly retreated to 3.1244 at the point of writing. Daily outlook is slightly bearish on AUD weakness as a weak China trade data overnight does not bode well for this currency. Investors, meanwhile, should be watching out for the minutes to RBA's latest policy meeting scheduled to be released next week.

a	S2	S1	Indicative	R1	R2
AUD/MYR	3.1028	3.1223	3.1244	3.1613	3.1808

Source: Bloomberg, HLBB Global Markets Research

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