

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

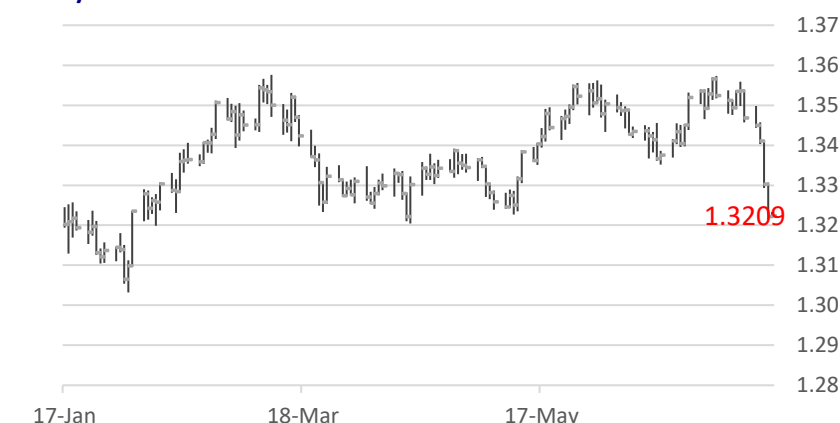
The USD/MYR 1-month outlook is neutral-to-slightly bullish in our view as the latest dot plot guided for a higher terminal rate at 5.75% for the fed funds rate as well as on the back of its safe haven status. Despite tentative signs of softening, growth in the US economy and labour market have largely 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

**Hong Leong Bank Berhad**

Fixed Income &amp; Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: [HLMarkets@hlbb.hongleong.com.my](mailto:HLMarkets@hlbb.hongleong.com.my)**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.