

14 August 2023

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Slightly Bullish

USD/MYR opened 0.26% higher at 4.6000 before strengthening to 4.6042 at the point of writing. Daily outlook is slightly bullish on USD strength this morning after US' producer price inflation (PPI) ticked up more than expected in July after June's flat reading, a reminder that the Fed's battle with inflation may not be over and sending 10Y UST yields rising for the 4th straight week. As it is, a slew of housing data will be released this week on top of IPI, retail sales as well as FOMC minutes to its latest meeting which could provide more guidance to Fed's thoughts going forward.

1-Month Outlook – USD/MYR Slightly Bearish

The USD/MYR 1-month outlook is slightly bearish in our view as we maintain our expectations that the 25bps rate hike to 5.25%-5.50% could be the last hike in the current tightening cycle in anticipation of further moderation in inflation outlook. DXY pulled back sharply given the lack of clear direction following Fed Chair Jerome Powell's press conference despite reiterating that policy makers have a long way to go in returning inflation to their 2.0% goal and that it is certainly possible that the Fed would raise interest rates again at the September meeting, if the data warranted. As it is, Fed-dated OIS pricing showed a marginal increase in the probability of a September hike from 18% prior to the FOMC meeting to 23% after that, but this has since retreated to low teens. 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	4.5683	4.5782	4.6042	4.6218	4.6695

USD/SGD

USD/SGD Slightly Bullish



USD/SGD opened 0.07% lower at 1.3512 before paring all its losses and rebounded to 1.3543 at the point of writing. Daily outlook is slightly bullish on account of the higher opening and USD strength. On the Singapore front, key risk for this pair will be its export numbers for the month of July later in the week where expectations that it will remain in double-digit contractionary mode.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3435	1.3478	1.3543	1.3553	1.3585

MYR Crosses

SGD/MYR

SGD/MYR Slightly Bullish



SGD/MYR opened 0.24% lower at 3.3901 but quickly rebounded to above previous close at 3.4012 at the point of writing. Daily outlook is slightly bullish given the upper trajectory post opening and as expectations that investors may stay cautious against the MYR ahead of the release of Malaysia's 2Q GDP later this week. As it is, consensus is expecting the economy to lose momentum slightly to +3.3% y/y from +5.6% y/y previously.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.3800	3.3891	3.4012	3.4047	3.4112

GBP/MYR

GBP/MYR Slightly Bullish



GBP/MYR opened 0.02% lower at 5.8243 but rebounded to 5.8378 at the point of writing. We have a slightly bullish outlook for this pair given the upper trajectory post opening and on expectations that GBP will be supported after the British economy grew more than expected in June. Nonetheless, gains may be capped given that GBP/USD remains pressured below 1.2700 in early morning trade.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.7733	5.7993	5.8378	5.8425	5.8597

AUD/MYR



AUD/MYR Slightly Bearish

AUD opened 0.37% lower at 2.9797 before paring some of its losses to trade at 2.9803 at the point of writing. Daily outlook is slightly bearish on AUD weakness. AUD/USD seesawed around 0.6500 amid early Monday morning in Australia, making rounds to the short-term key resistance surrounding 0.6480. This week, we will be watching out for RBA's Monetary Policy Meeting Minutes as well as the quarterly wage growth numbers.

a	S2	S1	Indicative	R1	R2
AUD/MYR	2.9491	2.9683	2.9803	2.9987	3.0067

Source: Bloomberg, HLBB Global Markets Research

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