

17 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 0.07% higher at 4.5300 and strengthened to 4.5238 at the point of writing. Daily outlook is neutral-to-slightly bullish as the Dollar regained some grounds after the upbeat US consumer sentiment and higher than expected inflation expectations data challenged earlier expectations that the Fed is nearing the end of its tightening cycle. Next data to watch will be the Empire Manufacturing Index due to be released tonight.

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	4.4876	4.5072	4.5238	4.5337	4.5533

USD/SGD

USD/SGD Neutral-to-Slightly Bullish

USD/SGD opened 0.08% lower at 1.3204 before rebounding to 1.3216 at the point of writing. Despite the lower opening, we have a neutral-to-slightly bullish call on this pair given expectations of a stronger USD vis-à-vis a firm SGD this morning after the latter's non-oil domestic exports surprised with a positive 5.4% m/m growth in July.



	S2	S1	Indicative	R1	R2
USD/SGD	1.3146	1.3180	1.3216	1.3241	1.3268

MYR Crosses

SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.06% lower at 3.4255 before paring its losses to trade at 3.4385 at the point of writing. Daily outlook is neutral-to-slightly bullish on the back of SGD strength while MYR will be weighed down by lower oil prices overnight. Key risks for this pair later in the week will be Malaysia's trade data and across the border, Singapore's CPI.



	S2	S1	Indicative	R1	R2
SGD/MYR	3.3896	3.4087	3.4385	3.4578	3.4878

GBP/MYR

GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.18% lower at 5.9255 at the point of writing before rebounding to above previous close at 5.9520 at the point of writing. Daily outlook is neutral-to-slightly bullish as GBP continues to be supported by rising bets that the BoE may need to raise interest rates further to combat high inflation.



	S2	S1	Indicative	R1	R2
GBP/MYR	5.8569	5.8965	5.9520	5.9965	6.0549

AUD/MYR



AUD/MYR Neutral-to-Slightly Bearish

AUD opened 0.48% lower at 3.0953 and pared some of its losses to trade at 3.1027 at the point of writing. Daily outlook is neutral-to-slightly bearish after Australian bond yields retreated in early morning trade. Key risk for this pair will be China's GDP due to be released today as well as minutes to the Reserve Bank of Australia's latest policy meeting scheduled to be released tomorrow.

a	S2	S1	Indicative	R1	R2
AUD/MYR	3.0685	3.0893	3.1027	3.1446	3.1791

Source: Bloomberg, HLBB Global Markets Research

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