

18 July 2023

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bearish

USD/MYR opened 0.28% higher at 4.5500 before quickly erasing all its losses to trade at 4.5318 at the point of writing. As USD was unable to hold its gains overnight, we have a neutral-to-slightly bearish call on this pair. Investors will generally stay cautious ahead of tonight's key June retail sales data, on top of IPI as well as NAHB Housing Market Index. There will be less noise from Fed officials this week as the Federal Reserve entered the "blackout period" ahead of its July FOMC meeting.

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	4.5118	4.5245	4.5318	4.5555	4.5738

USD/SGD

USD/SGD Neutral-to-Slightly Bearish

USD/SGD opened flat at 1.3219 before retreating to 1.3205 at the point of writing. Daily outlook is neutral-to-slightly bearish given the lower trajectory post opening as well as USD weakness, with support seen at the 1.3194 level.



	S2	S1	Indicative	R1	R2
USD/SGD	1.3169	1.3194	1.3205	1.3245	1.3271

MYR Crosses

SGD/MYR

SGD/MYR Neutral

SGD/MYR opened 0.06% lower at 3.4321 but rebounded slightly to close of 3.4325 at the point of writing. While this is still a shade below previous close, we have a neutral call on this pair given lower oil prices overnight and expectations that Malaysia's export data due to be released on 20th is expected to worsen to -14.0% y/y in June, thus not supportive of MYR.



	S2	S1	Indicative	R1	R2
SGD/MYR	3.4107	3.4224	3.4325	3.4474	4.4607

GBP/MYR

GBP/MYR Neutral-to-Slightly Bearish

GBP/MYR opened 0.18% lower at 5.9304 and slid to 5.9296. Daily outlook is neutral-to-slightly bearish as MYR seemed to have weakened against the G10 currencies and as GBP/USD pair consolidated in a narrow range during the early Asian session as market sentiment turned cautious ahead of UK CPI on Wednesday. Expectations is that inflation will soften to 8.2% y/y in June from 8.7% previously.



	S2	S1	Indicative	R1	R2
GBP/MYR	5.8976	5.9195	5.9296	5.9664	5.9914

AUD/MYR



AUD/MYR Neutral

AUD opened 0.01% lower at 3.0898, dipped as low at 3.0883 before the release of RBA's meeting minutes but it has since rebounded to 3.0903 at the point of writing. Daily outlook is neutral as RBA minutes showed that policy makers saw the case to hold cash rates at 4.10% as a "stronger one" but left the door ajar for further hikes.

a	S2	S1	Indicative	R1	R2
AUD/MYR	3.0770	3.0836	3.0903	3.1031	3.1160

Source: Bloomberg, HLBB Global Markets Research

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