

21 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 0.29% higher at 4.5565 but retreated slightly to 4.5550 at the point of writing. Daily outlook is neutral-to-slightly bullish as USD strengthened overnight on the slight tweak in Fed outlook and jump in UST yields after fresh jobless claims data showed a still tight labour market, challenging expectations for a one-and-done stance for the fed funds rate. OIS pricing currently placed the chance of a September hike at 17% (prior 12%). Consequently, UST yields climbed with the 2Y closing up 7bps to 4.84% and the 10Y up 10bps to 3.85%.

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	4.5296	4.5365	4.5550	4.5560	4.5842

USD/SGD



USD/SGD Neutral-to-Slightly Bullish

USD/SGD opened flat at 1.3270 and trended up to 1.3275 at the point of writing. Daily outlook is neutral-to-slightly bullish not only because of USD strength but also on SGD weakness against G10 currencies this morning. Next up for this pair will be the string of PMIs data from the US and Singapore's CPI, due to be released on the 24th. Expectations is that inflation will decelerate sharply to +4.4% in June (May: +5.1% y/y) for the latter, reaffirming expectations that MAS will stay on hold in October.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3188	1.3229	1.3275	1.3295	1.3320

MYR Crosses

SGD/MYR



SGD/MYR Neutral

SGD/MYR opened 0.03% lower at 3.4339 and slid further to 3.4306 at the point of writing. Despite the lower opening, we have a neutral call on this pair as MYR weakened against most regional currencies, impacted by the double-digit contraction in trade data. Investors should also be looking out for inflation data on both ends on 24th. For Malaysia, inflation rate is expected to moderate further to 2.5% in June from 2.8% previously.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.4188	3.4270	3.4306	3.4428	3.4504

GBP/MYR



GBP/MYR Slightly Bearish

GBP/MYR opened 0.03% lower at 5.8653 and slid to 5.8616 at the point of writing. Daily outlook is slightly bearish as GBP continued to be weighed down by this week's lower inflation data that eased pressure for the BOE to keep raising its policy rate.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.8442	5.8557	5.8616	5.8895	5.9118

AUD/MYR



AUD/MYR Slightly Bearish

AUD opened 0.53% lower at 3.0882 and plunged further to 3.0840 at the point of writing. Daily outlook is slightly bearish as AUD/USD slipped to the 0.6780 mark in early Asian session as the pair attracted some follow-through selling on the back of USD strength.

a	S2	S1	Indicative	R1	R2
AUD/MYR	3.0595	3.0821	3.0840	3.1189	3.1331

Source: Bloomberg, HLBB Global Markets Research

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