

24 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 0.01% higher at 4.5630 and strengthened to 4.5732 at the point of writing. Daily outlook is neutral-to-slightly bullish on a firm USD vis-à-vis its G10 peers, while regional currencies weakened on renewed USD strength. We will be watching out for the FOMC meet this week, where a 25bps rate hike is widely expected. Other key data to look out for includes July preliminary PMIs due to rolled out today as well as advanced US 2Q GDP and core PCE due at the end of the week.

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	4.5452	4.5540	4.5732	4.5752	4.5902

USD/SGD

USD/SGD Neutral-to-Slightly Bullish

USD/SGD opened 0.02% lower at 1.3304 but rebounded to 1.3312 at the point of writing. Daily outlook is neutral-to-slightly bullish after USD's rally against the G10 universe. Singapore will be data heavy this week, with CPI due to be rolled out today, on top of IPI and the unemployment rate later in the week.



	S2	S1	Indicative	R1	R2
USD/SGD	1.3243	1.3275	1.3312	1.3325	1.3343

MYR Crosse

SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.15% lower at 3.4278 but quickly pared its losses to trade at 3.4378 at the point of writing. SGD appeared to have fared better vis-à-vis regional currencies this morning as compared to MYR despite both sides of the borders expected to show a moderation in CPI data today. As such, we have a neutral-to-bullish call for this pair.



	S2	S1	Indicative	R1	R2
SGD/MYR	3.4204	3.4266	3.4378	3.4390	3.4452

GBP/MYR

GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.12% lower at 5.8644 but quickly rebounded to 5.8820 at the point of writing. We have a neutral-to-bullish call on this pair given the upper trajectory this morning, with the GBP supported by a 0.7% m/m jump in retail sales data on Friday.



	S2	S1	Indicative	R1	R2
GBP/MYR	5.8331	5.8509	5.8820	5.8865	5.9043

AUD/MYR



AUD/MYR Neutral-to-Slightly Bearish

AUD opened 0.41% lower at 3.0687 but rebounded modestly to 3.0758 at the point of writing. Daily outlook is neutral-to-slightly bearish after data released this morning showed that Judo Bank Australia PMI Composite turned contractionary at 49.3 in July led by the services sector.

a	S2	S1	Indicative	R1	R2
AUD/MYR	3.0532	3.0681	3.0758	3.0896	3.0979

Source: Bloomberg, HLBB Global Markets Research

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