25 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 0.12% higher at 4.5720 but quickly retreated to 4.5645 at the point of writing. While fears of a more hawkish Fed stance during the upcoming FOMC meeting sent DXY closing firmer against its G10 peers overnight, we note that the DXY has slid to 101.32 level at the point of writing. This, coupled with a string of mixed PMIs released yesterday and cautiousness amidst upcoming FOMC meeting, we have a neutral-to-slightly bearish call for this pair.

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	4.5512	4.5588	4.5645	4.5783	4.5902

USD/SGD

USD/SGD Neutral-to-Slightly Bearish

USD/SGD opened flat at 1.3318 but retreated to 1.3304 at the point of writing. Daily outlook is neutral-to-slightly bearish given the downward trajectory post-opening as SGD traded stronger vis-à-vis G10 while USD appeared to have weaken in early Asian trade. Some support can be expected at 1.3300.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3281	1.3300	1.3304	1.3330	1.3341

MYR Crosse

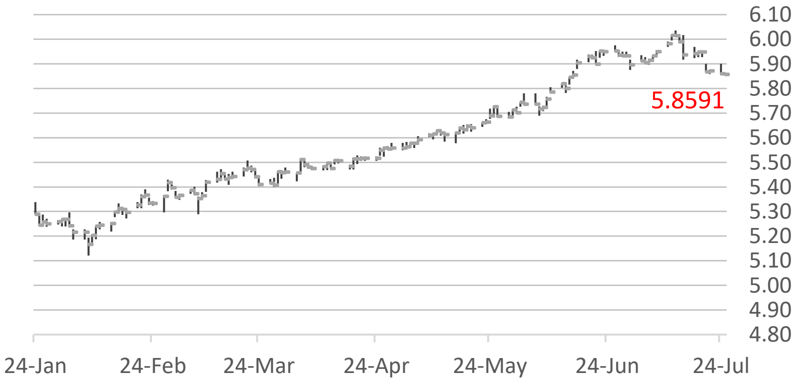
SGD/MYR

SGD/MYR Neutral-to-Slightly Bearish

SGD/MYR opened 0.05% higher at 3.4327 before paring all its gains to trade at 3.4302 at the point of writing. Daily outlook is neutral-to-slightly bearish given the lower trajectory post opening and MYR supported partially by higher oil prices overnight. Firm support can be expected at 3.4158.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.3979	3.4158	3.4302	3.4412	3.4516

GBP/MYR



GBP/MYR Neutral-to-Slightly Bearish

GBP/MYR opened 0.04% lower at 5.8579 but rebounded to 5.8591 at the point of writing. Daily outlook is neutral-to-slightly bearish as GBP/USD extends its downtrend to seven consecutive days amidst further deterioration in the UK PMIs overnight. Hawkish remarks by the Fed could rock the boat, with the GBP/USD extending its losses toward the 1.2700 level, while dovish remarks could lift the pair toward 1.3000.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.8284	5.8442	5.8591	5.8880	5.9160

AUD/MYR

AUD/MYR Neutral-to-Slightly Bullish

AUD opened 0.02% lower at 3.0781 but rebounded to above previous close at 3.0821 at the point of wiring. Daily outlook is neutral-to-slightly bullish as investors look ahead to Australia's 2Q CPI report for any guidance to AUD's next direction.

a	S2	S1	Indicative	R1	R2
AUD/MYR	3.0552	3.0669	3.0821	3.0892	3.0998

Source: Bloomberg, HLBB Global Markets Research

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