

28 July 2023

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Bullish

USD/MYR opened 0.45% higher at 4.5440 and strengthened to 4.5505 at the point of writing. Daily outlook is bullish after a slew of better-than-expected data from the US boosted expectations of a soft landing, and risks for a September rate hike, sending UST yields sharply higher. Looking ahead, Fed's favourite inflation gauge, core-PCE prices is scheduled to be released tonight and will give more clues on Fed's next move and with it, USD. As it is, consensus is expecting headline and core to moderate to 3.0% and 4.2% respectively.

1-Month Outlook – USD/MYR Slightly Bearish

The USD/MYR 1-month outlook is slightly bearish in our view as we maintain our expectations that the 25bps rate hike to 5.25%-5.50% could be the last hike in the current tightening cycle in anticipation of further moderation in inflation outlook. DXY pulled back sharply given the lack of clear direction following Fed Chair Jerome Powell's press conference despite reiterating that policy makers have a long way to go in returning inflation to their 2.0% goal and that it is certainly possible that the Fed would raise interest rates again at the September meeting, if the data warranted. As it is, Fed-dated OIS pricing showed a marginal increase in the probability of a September hike from 18% prior to the FOMC meeting to 23% after that. 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	4.5033	4.5135	4.5505	4.5523	4.5768

USD/SGD



USD/SGD Neutral

USD/SGD opened flat at 1.3315 and has largely traded within the 1.3304 and 1.3318 level before settling at 1.3313 at the point of writing. As we expect SGD to hold its fort against a strong USD, we have a neutral call for this pair with support and resistant levels at 1.3246 and 1.3353 respectively.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3176	1.3246	1.3313	1.3353	1.3390

MYR Crosse

SGD/MYR



SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.56% lower at 3.3989 but rebounded to 3.4210 at the point of writing. Daily outlook is neutral-to-slightly bullish as the lower opening is expected to be wiped out by a stronger SGD and weaker MYR.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.3923	3.4070	3.4210	3.4273	3.4364

GBP/MYR



GBP/MYR Slightly Bearish

GBP/MYR opened 1.44% lower at 5.7864 but pared some of its losses to trade at 5.8230 at the point of writing. We have a slightly bearish call on this pair given the significantly lower opening and heightened fears of a recession in the UK weighing on GBP.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.6774	5.7886	5.8230	5.8821	5.8933

AUD/MYR



AUD/MYR Bearish

AUD opened 1.32% lower at 3.0357 but rebounded slightly to 3.0442 at the point of writing. Daily outlook is bearish given the lower opening while the unexpected m/m contraction in retail sales data for June and sharp deceleration in PPI pares dented expectations of a RBA hike next week, weighing down on AUD.

a	S2	S1	Indicative	R1	R2
AUD/MYR	3.0075	3.0310	3.0442	3.0877	3.0991

Source: Bloomberg, HLBB Global Markets Research

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