

7 September 2023

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Slightly Bullish

USD/MYR opened 0.01% lower at 4.6753 but was seen trading slightly higher at 4.6765 at the point of writing. Daily outlook is slightly bullish as a much stronger than expected US ISM services and trade data revived Fed rate hike fears, sending UST yields and DXY higher overnight. The pair will meet resistance levels of 4.6825 (R1) and 4.6893 (R2) respectively and we expect any swings to this pair to be largely driven by any surprises in BNM's MPC statement this afternoon. We do not however, anticipate any surprises to BNM's decision to maintain the OPR at 3.00%. US will be data light tonight with jobless claims data scheduled to be released.

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 remarks at Jackson Hole, 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, if the data warranted. As it is, Fed-dated OIS pricing showed less than 10% probability of a September hike. 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	4.6537	4.6647	4.6765	4.6825	4.6893

USD/SGD

USD/SGD Slightly Bullish



USD/SGD opened flat at 1.3636 and trended up to 1.3645 the point of writing. Daily outlook is slightly bullish in anticipation of broad USD strength as well weakness in most regional currencies, with trading range eyed between 1.3606 and 1.3657.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3575	1.3606	1.3645	1.3657	1.3677

MYR Crosses

SGD/MYR

SGD/MYR Slightly Bearish



SGD/MYR opened 0.17% lower at 3.4275 and slid further to 3.4269 at the point of writing. Daily outlook is slightly bearish as we expect MYR to benefit from steady oil prices overnights. Crude oil hovered around their 10-months highs, with Brent holding steady above \$90/barrel level for the second day after OPEC+ leaders extended supply cuts. Losses to this pair, will nevertheless, be supported at 3.4223 (S1) and 3.4134 (S2) respectively.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.4134	3.4223	3.4269	3.4368	3.4401

GBP/MYR

GBP/MYR Bearish



GBP/MYR opened 0.43% lower at 5.8442 and slid further to 5.8433 at the point of writing. We have a bearish view on this pair as GBP/USD fell to its lowest in 3-months to around the 1.2500 level after BOE governor Andrew Bailey's comments that interest rates are probably "near the top of the cycle."

	S2	S1	Indicative	R1	R2
GBP/MYR	5.7490	5.8143	5.8433	5.8793	5.8889

AUD/MYR

AUD/MYR Slightly Bearish



AUD opened 0.16% lower at 2.9839 and slid further to 2.9815. Daily outlook is slightly bearish after Australia's trade surplus narrowed in July as mining exports fell, weighing on AUD while MYR will get a boost from higher oil prices. We will also be watching out for China's trade numbers today but we expect this pair to be supported at 2.9771 (R1) and 2.9657 (R2) respectively.

A	S2	S1	Indicative	R1	R2
AUD/MYR	2.9657	2.9771	2.9815	2.9947	3.0009

Source: Bloomberg, HLBB Global Markets Research

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