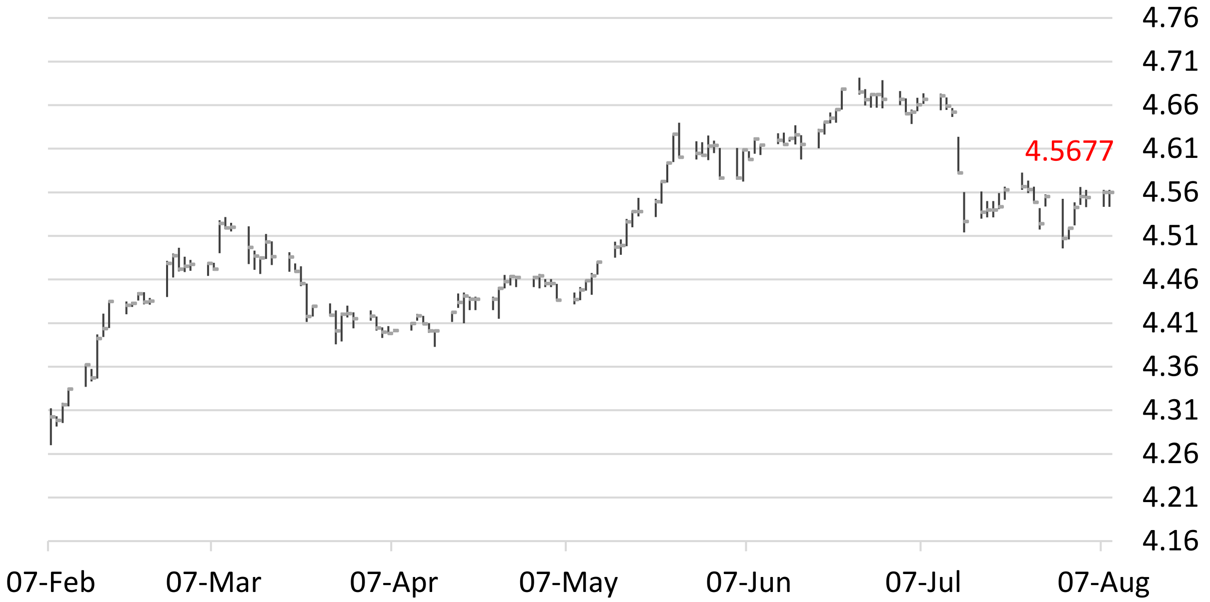
8 August 2023

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bullish

USD/MYR opened 0.02% lower at 4.5590 but rebounded to above previous close at 4.5677 at the point of writing. Daily outlook is neutral-to-slightly bullish given USD strength underpinned by firmer UST yields, but we expect trading to largely remain muted as investors await the highly watched US CPI data due to be rolled out later in the week. Malaysia's IPI data due to be unveiled at noon will be the key risk for this pair today, where market expectation is for growth to turn contractionary at -1.0% y/y from a positive +4.7% y/y previously.

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, but this has since retreated to low teens. 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	4.5359	4.5480	4.5677	4.5747	4.5941

USD/SGD

	S2	S1	Indicative	R1	R2
USD/SGD	1.3360	1.3386	1.3439	1.3446	1.3489

USD/SGD Neutral-to-Slightly Bullish

USD/SGD opened flat at 1.3411 but advanced to 1.3439 at the point of writing. Similar to the USD/ MYR, daily outlook is neutral-to-slightly bullish in anticipation of USD strength.

MYR Crosse

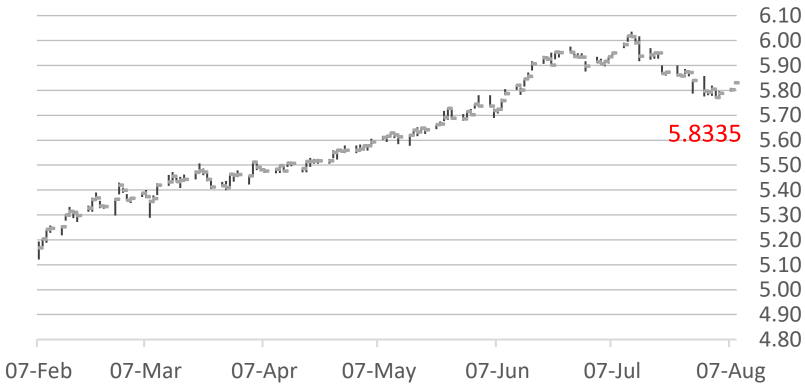
SGD/MYR

	S2	S1	Indicative	R1	R2
SGD/MYR	3.3878	3.3932	3.4007	3.4031	3.4076

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.05% higher at 3.4002 and strengthened to 3.4007 at the point of writing. Daily outlook is neutral-to-slightly bullish with key risk being MYR driven, namely from lower oil prices as well the IPI data today.

GBP/MYR



	S2	S1	Indicative	R1	R2
GBP/MYR	5.7860	5.7932	5.8335	5.8400	5.8936

GBP/MYR Bullish

GBP/MYR opened 0.49% higher at 5.8291 and strengthened to 5.8335 at the point of writing. Daily outlook is bullish given GBP strength vis-à-vis regional peers, with R1 at 5.8400. Key risk for this pair today will be BOE speak.

AUD/MYR

AUD/MYR Neutral-to-Slightly Bullish

AUD opened 0.14% higher at 2.9970 but pared some of its gains to trade at 2.9960 at the point of writing. Daily outlook is neutral-to-slightly bullish with Australian economic data coming out mixed this morning, while investors stay cautious ahead of China's trade data scheduled today and inflation prints tomorrow.

a	S2	S1	Indicative	R1	R2
AUD/MYR	2.9816	2.9874	2.9960	3.0069	3.0194

Source: Bloomberg, HLBB Global Markets Research

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