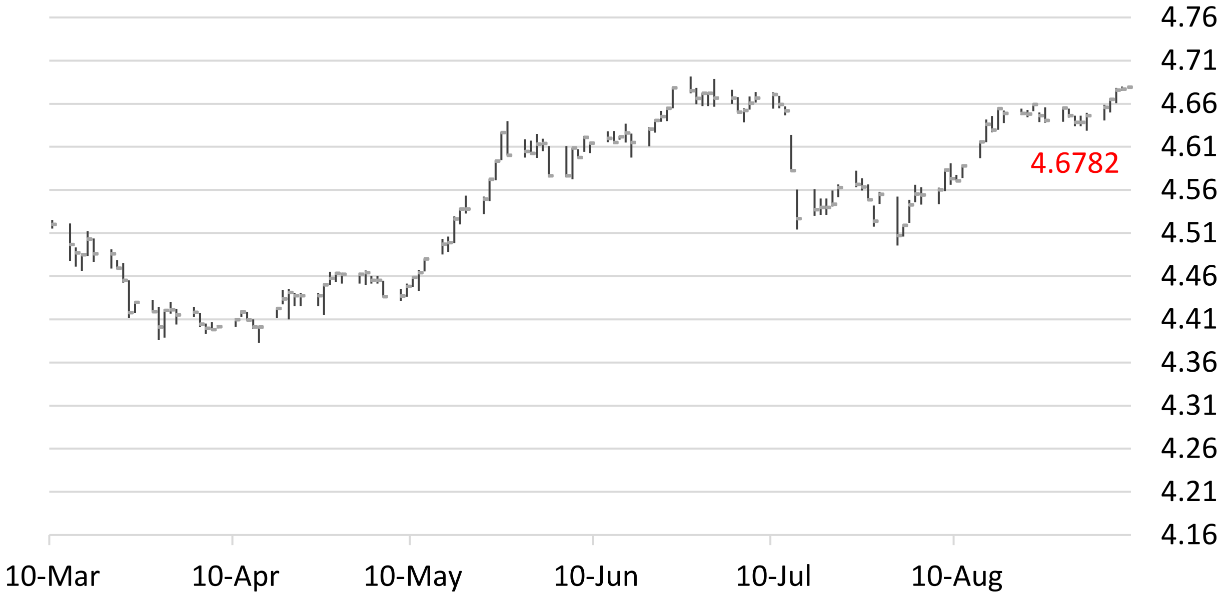
8 September 2023

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bullish

USD/MYR opened 0.05% higher at 4.6795 before retreating slightly to 4.6782 at the point of writing. We have a neutral-to-slightly bullish call on this pair after overnight data showed lower-than-expected initial jobless claims, stoking worries over a still tight labour market, sticky inflation and thus, more Fed rate hikes. While USD closed above the 105-handle overnight, the first time since March 9, USD has since weakened against its peers in early morning Asian trade to 104.92, thus capping our expectation of any significant gains for this pair.

1-Month Outlook – USD/MYR Neutral

The USD/MYR 1-month outlook is neutral 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 Jackon 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, BNM dropped the "slightly accommodative" phrase in its latest MPC statement, highlighting that the prevailing OPR level is consistent with the current assessment of the inflation and growth outlook. This reaffirmed our view for an extended pause in the OPR at 3.00% for the rest of the year and will cap MYR strength.

	S2	S1	Indicative	R1	R2
USD/MYR	4.6677	4.6725	4.6782	4.6795	4.6821

USD/SGD

USD/SGD Neutral-to-Slightly Bearish

USD/SGD opened flat at 1.3658, and large traded within the 1.3637-1.3552 band before settling at 1.3646 at the point of writing. Daily outlook is neutral-to-slightly bearish given SGD strength vis-à-vis its regional peers and USD weakness this morning. Losses will nevertheless, be capped at 1.3610 (S1) with any swings today largely driven by Fed speaks.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3572	1.3610	1.3646	1.3672	1.3686

MYR Crosses

SGD/MYR

SGD/MYR Neutral

SGD/MYR opened 0.09% lower at 3.4251, and has largely traded around the 3.4278-3.4282 band. Daily outlook is neutral given that the lower opening will be offset by SGD strength, with trading range eyed between 3.4220 and 3.4305 levels.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.4165	3.4220	3.4284	3.4305	3.4330

GBP/MYR

GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.05% higher at 5.8348 and strengthened to 5.8465 at the point of writing. Daily outlook is neutral-to-slightly bullish given GBP strength against regional this morning, but gains will largely capped, as the final BOE rate increase comes into view. The GBP/USD has turned south to trade below the 1.2500 level currently.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.8141	5.8231	5.8465	5.8589	5.8813

AUD/MYR

AUD/MYR Neutral-to-Slightly Bullish

AUD opened 0.09% lower at 2.9832 but rebounded to above previous close at 2.9883 at the point of writing. Daily outlook is neutral-to-slightly bullish on AUD strength vis-à-vis regionals. Anxiety over sluggish trade data for both Australia and China overnight will also weigh down on AUD.

A	S2	S1	Indicative	R1	R2
AUD/MYR	2.9683	2.9772	2.9883	2.9928	2.9995

Source: Bloomberg, HLBB Global Markets Research

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