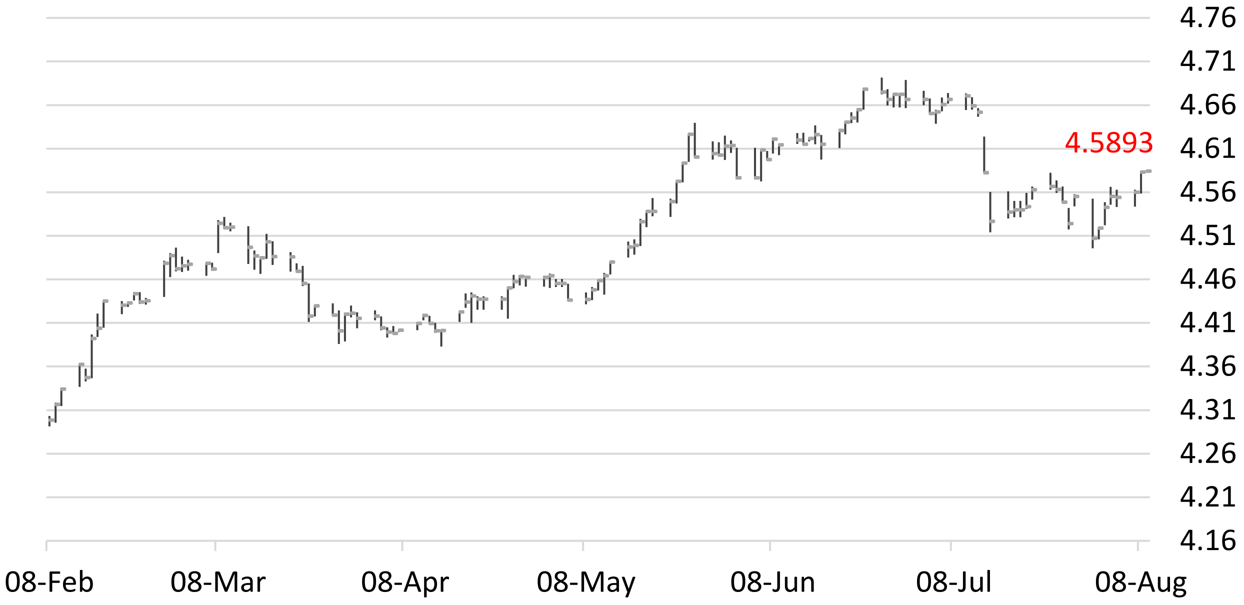
9 August 2023

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Slightly Bullish

USD/MYR opened 0.01% higher at 4.5833 and edged up to 4.5893 at the point of writing. Daily outlook is slightly bullish as USD resumes its strengthening trend as markets flock to safe haven USD in view of an uncertain global growth environment as well as amidst the latest Moody's downgrade on US banks. Regional currencies including MYR, meanwhile, are expected to be weighed down by disappointing China trade figures overnight, which spurred this risk-off appetite.

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	4.5499	4.5664	4.5893	4.5916	4.6003

USD/SGD

USD/SGD Neutral

USD/SGD opened flat at 1.3475, largely traded within a range of 1.3468-1.3475 before settling at 1.3472 at the point of writing. Singapore's financial markets are closed today in view of the National Day, and coupled with cautiousness ahead of the US CPI due later in the week, we have a neutral call for this pair.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3363	1.3419	1.3472	1.3517	1.3559

MYR Crosse

SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.09% lower at 3.4011 but pared some of its losses to trade higher at 3.4026 at the point of writing. Despite the lower opening, we have a neutral-to-slightly bullish view as we believe that SGD will fare better in a risk-off environment, with S1 at 3.3979 and R1 at 3.4086.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.3917	3.3979	3.4026	3.4086	3.4131

GBP/MYR

GBP/MYR Slightly Bullish

GBP/MYR opened 0.13% higher at 5.8419 and rose to 5.8434 at the point of writing. Daily outlook is slightly bullish given the higher opening. GBP/USD, meanwhile, recovered in early Asian morning trade, but seemed to struggle to gain traction above the 1.2780 level. UK data will the key risk with 2Q GDP, CPI and employment figures on deck next week, for more clues on the health of the UK economy,

	S2	S1	Indicative	R1	R2
GBP/MYR	5.8120	5.8232	5.8434	5.8568	5.8792

AUD/MYR

AUD/MYR Slightly Bullish

AUD opened 0.31% higher at 2.9949 and strengthened to 2.9979 at the point of writing, Daily outlook is slightly bullish despite AUD being a proxy for risk-sensitive currencies, as we noted that AUD/USD has recovered some of its losses to trade at 0.6543 after dipping as low as 0.6528 overnight as well as on the back of better than expected, albeit still deflationary price indicators from China this morning.

a	S2	S1	Indicative	R1	R2
AUD/MYR	2.9721	2.9788	2.9979	3.0067	3.0240

Source: Bloomberg, HLBB Global Markets Research

Hong Leong Bank Berhad
Fixed Income & Economic Research, Global Markets
Level 8, Hong Leong Tower
6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel: 603-2081 1221
Fax: 603-2081 8936
Email: HLMarkets@hlbb.hongleong.com.my

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