

12 September 2023

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral

USD/MYR opened 0.02% lower at 4.6720 but quickly pared its losses to trade at 4.6757 at the point of writing. Daily outlook is neutral on expectations that trading will largely stay muted ahead of the release of US CPI print tomorrow, eyeing a trading range between 4.6689 and 4.6789. We also expect trading to mirror performance over the past 2 days, where the pair largely trended up in early morning Asian trade but subsequently lost its lustre later in the day.

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 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, 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	4.6648	4.6689	4.6757	4.6789	4.6848

USD/SGD

USD/SGD Neutral

USD/SGD opened flat at 1.3606 and strengthened to 1.3612 at the point of writing. Despite this, we have a neutral view eyeing a trading range of 1.3580-1.3643 as investors stay sideline ahead of the US CPI data. In fact, this pair largely traded within a narrow range of 1.3603-1.3616 in early morning trade, while gains in DXY appears to be capped below 104.64.



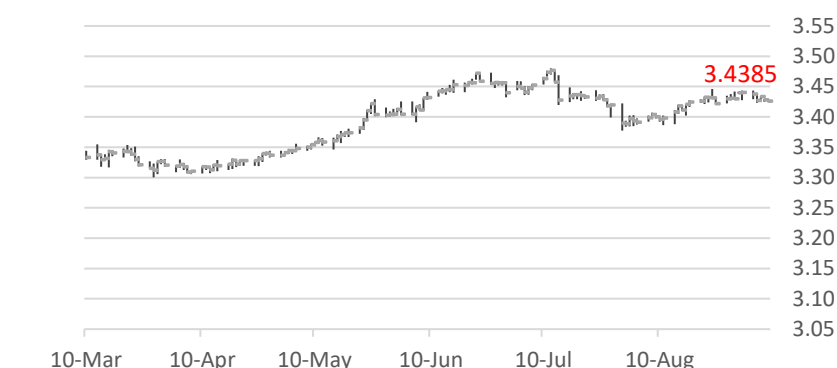
	S2	S1	Indicative	R1	R2
USD/SGD	1.3554	1.3580	1.3612	1.3643	1.3680

MYR Crosses

SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened flat at 3.4340 and trended up to 3.4355 at the point of writing. Daily outlook is neutral-to-slightly bullish on account of the upper trajectory post opening. We however also note that this pair tends to lose some of its lustre in afternoon Asian trade.

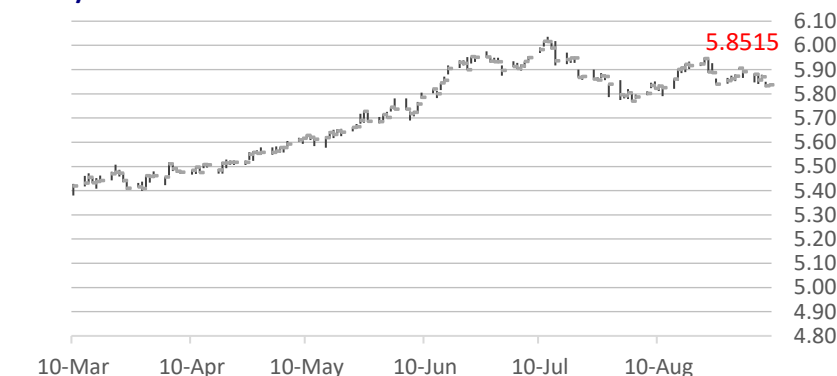


	S2	S1	Indicative	R1	R2
SGD/MYR	3.4159	3.4249	3.4385	3.4420	3.4501

GBP/MYR

GBP/MYR Neutral-to-Slightly Bearish

GBP/MYR opened 0.22% lower at 5.8445 but pared some of its losses to trade at 5.8515 at the point of writing. Daily outlook is neutral-to-slightly bearish given the significant lower opening with the key sways today being the UK employment data in the afternoon. We nevertheless expect losses to be capped at 5.8386 level (S1) given GBP strength against G10 and after BOE MPC member Catherine Mann stressing that it's too soon for the BoE to end its tightening cycle.



	S2	S1	Indicative	R1	R2
GBP/MYR	5.8201	5.8386	5.8515	5.8677	5.8783

AUD/MYR



AUD/MYR Neutral-to-Slightly Bullish

AUD opened 0.06% lower at 3.0041 but strengthened to 3.0072 at the point of writing. Daily outlook is neutral-to-slightly bullish as CNH intervention as well as favourable CPI and new loans data is supportive of the AUD. Gains, will nevertheless, be capped at 3.0172 as economic data on the Australian front was mixed this morning. While Westpac Consumer Confidence worsened to -1.5% m/m in Sep (Aug: -0.4% m/m), NAB Business Conditions and Confidence both improved to in August.

A	S2	S1	Indicative	R1	R2
AUD/MYR	2.9742	2.9900	3.0072	3.0172	3.0286

Source: Bloomberg, HLBB Global Markets Research

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