13 September 2023

Global Markets Research

Daily Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bearish

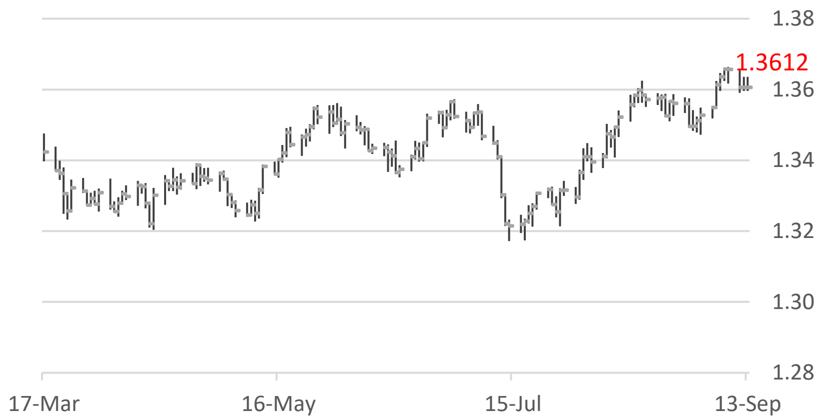
USD/MYR opened 0.04% lower at 4.6768 and was hovering at 4.6763 at the point of writing. Daily outlook is neutral to slightly bearish in anticipation of MYR strength as oil prices rallied to their 10-month high and held firmly around the $90/barrel handle post OPEC report that oil markets could face a 3.3m barrels per day shortfall in 4Q. Nonetheless, we expect any loss to be capped at S1 of 4.6689 as investors will unlikely to make large bets prior to the US CPI data tonight.

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	4.6609	4.6689	4.6763	4.6819	4.6849

USD/SGD



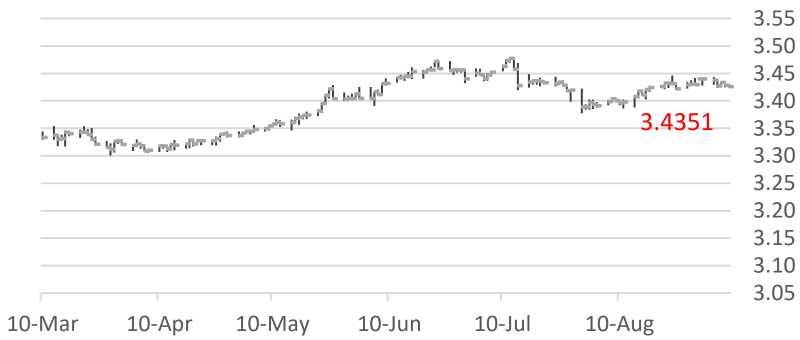
USD/SGD Neutral

USD/SGD opened flat at 1.3606 and but trended up slightly to 1.3612 at the point of writing. We have a neutral call for this pair, with a trading range of 1.3589-1.3629 as we do not see any major drivers to sway this pair until the US CPI print tonight. Nonetheless, we are cognizant that SGD is weak this morning, and thus, this pair could potentially be subjected to upside risk.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3573	1.3589	1.3612	1.3629	1.3653

MYR Crosses

SGD/MYR

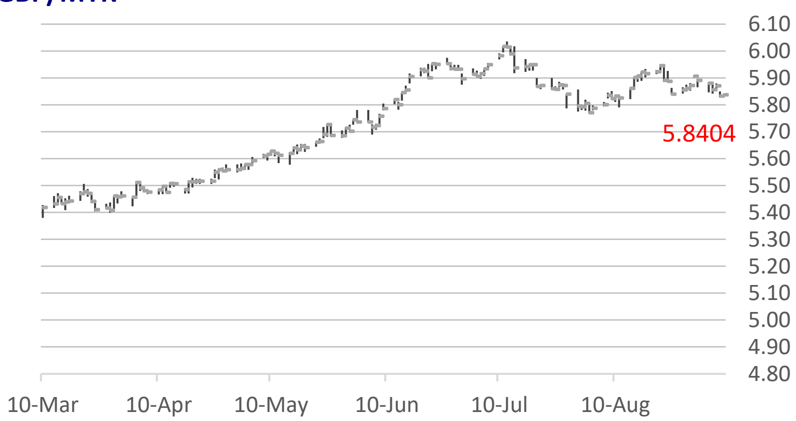


SGD/MYR Neutral-to-Slightly Bearish

SGD/MYR opened 0.05% higher at 3.4383 but pared its gains to trade at 3.4351 at the point of writing. Daily outlook is neutral-to-slightly bearish, hit by a double whammy of MYR strength and USD weakness. This pair will, nonetheless, be supported at 3.4287 (S1) and 3.4215 (S2) respectively. Next up for this pair will be the trade numbers for both currencies early next week.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.4215	3.4287	3.4351	3.4398	3.4431

GBP/MYR



GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.16% higher at 5.8442 but pared some of its gains to trade at 5.8404 at the point of writing. Daily outlook is neutral-to-slightly bullish after overnight data showed that UK wage growth ticked up, keeping BOE rate hike expectations alive. Gains is expected to be capped at 5.8530 given that GBP failed to defend the 1.25 level against USD. We will be watching out closely for July's monthly GDP for UK today.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.8117	5.8231	5.8404	5.8530	5.8715

AUD/MYR

AUD/MYR Neutral

AUD opened 0.02% higher at 3.0073 and retreated to 3.0013 at the point of writing. Daily outlook is neutral as currencies like Aussie and kiwi largely traded in tight range before US CPI. AUD/USD opened flat at 0.6426, strengthened to 0.6433 but has since retreated to 0.6419 at the point of writing.

A	S2	S1	Indicative	R1	R2
AUD/MYR	2.9921	2.9995	3.0013	3.0131	3.0193

Source: Bloomberg, HLBB Global Markets Research

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