14 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 0.02% lower at 4.6800, slid to as low as 4.6768 but rebounded to 4.6827 at the point of writing. Given the upper trajectory post-opening and on the back that the pair has strengthened in late afternoon the past 2 days, we have a neutral-to-slightly bullish call on this pair. Overnight, US headline inflation reaccelerated more than expected to +3.7% y/y in August, keeping risk of another Fed rate hike in play for the November FOMC meeting, supportive of the USD today. Next up tonight will be US' PPI ad retail sale data.

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 has held steady at the 104-105 handle with Jerome Powell's latest remarks at Jackon Hole 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 but pricing for a November rate hike has been slowly inching up to 55% now. 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	4.6678	4.6744	4.6827	4.6857	4.6904

USD/SGD

USD/SGD Neutral-to-Slightly Bearish

USD/SGD opened flat at 1.3611 and slid to 1.3600 at the point of writing. We have a neutral-to-slightly bearish call for this pair as we note SGD strength against G10. We expect trading to be largely within the 1.3590-1.3637 range, largely driven by the US retail sales data tonight. As it is, expectations is that sales will soften to +0.1% m/m in August from +0.7% m/m previously.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3570	1.3590	1.3600	1.3637	1.3664

MYR Crosses

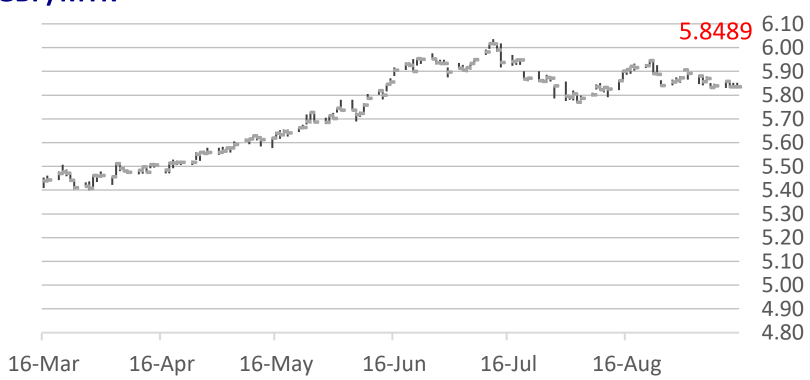
SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.04% higher at 3.4394 and edged up to 3.4418 at the point of writing. Daily outlook is neutral-to-slightly bullish on SGD strength against regionals, capped at R1 and R2 levels of 3.4448 and 3.4527. With lower oil prices overnight, despite still near its 10-months high, we also do not see any drivers to drive the MYR today.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.4290	3.4334	3.4418	3.4448	3.4527

GBP/MYR



GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.20% higher at 5.8465 and strengthened to 5.8489 at the point of writing. We have a neutral-to-slightly bullish call on this pair given the higher opening and upper trajectory post opening, capped at 5.8630 (R1) and 5.8886 (R2). Gains will be capped amidst a weak GBP vs its G10 peers, disappointing economic data recently and correspondingly, lower Gilt yields.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.8118	5.8232	5.8489	5.8630	5.8886

AUD/MYR

A	S2	S1	Indicative	R1	R2
AUD/MYR	2.9875	2.9941	3.0093	3.0145	3.0280

Source: Bloomberg, HLBB Global Markets Research

AUD/MYR Slightly Bullish

AUD opened 0.15% higher at 3.0054 and strengthened to 3.0093 at the point of writing. Daily outlook is slightly bullish after a favourable Australia's employment data this morning. Unemployment rate held steady at 3.7%, but employment change jumped more than expected to 64.9k in Aug (Jul: -1.4k).

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