18 August 2023

Global Markets Research

Daily Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Slightly Bearish

USD/MYR opened 0.26% lower at 4.6420 and slid to 4.6390 at the point of writing. Daily outlook is slightly bearish as USD took a breather and retreated to 103.30 at the point of writing. In the absence of economic data on the US front, the main catalyst for this pair will be Malaysia's 2Q GDP due to be released at noon today. As it is, consensus is expecting growth to nearly halve to 3.3% y/y during the quarter as compared to 5.6% y/y previously and any surprises could sway the pair. Anyhow, the pair is firmly supported at the 4.6216 level, with upside capped at R1, 4.6625.

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	4.5971	4.6216	4.6390	4.6625	4.6706

USD/SGD

USD/SGD Slightly Bearish

USD/SGD opened flat at 1.3584 and retreated to 1.3566 at the point of writing. We have a slightly bearish call on this pair given the lower trajectory post opening, but limited by weakness in Singapore's NODX data recently and supported at 1.3529.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3467	1.3529	1.3566	1.3618	1.3653

MYR Crosses

SGD/MYR

SGD/MYR Neutral

SGD/MYR opened 0.19% higher at 3.4270, pared some of its gains to trade at 3.4163 before quickly rebounding to 3.4221 at the point of writing. Daily outlook is neutral with the direction of this pair largely driven by the upward or downward surprise for Malaysia's 2Q GDP.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.3962	3.4084	3.4221	3.4266	3.4326

GBP/MYR

GBP/MYR Slightly Bullish

GBP/MYR opened 0.20% higher at 5.9325 before paring some of its losses to trade at 5.9216 at the point of writing. Daily outlook is slightly bullish on the back of higher yields for gilts, supported by the strong wage growth data recently as well as still elevated inflation numbers on the British front, which should keep GBP well supported.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.8773	5.8991	5.9216	5.9332	5.9455

AUD/MYR

AUD/MYR Slightly Bearish

AUD opened 0.19% lower at 2.9808 and slid to 2.9792 at the point of writing. Despite AUD strength in early Asian trade, the lower opening and downward trajectory subsequent to opening vis-à-vis MYR justify our slightly bearish call for this pair. Moreover, AUD will continue to be weighed down by the weak employment data recently as well as economic indicators from China.

a	S2	S1	Indicative	R1	R2
AUD/MYR	2.9473	2.9669	2.9792	2.9962	3.0059

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