

18 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 4.6825, shot up to as high as 4.6877 before retreating to 4.6865 at the point of writing. Daily outlook is neutral as we expect investors to stay sideline and look towards the FOMC meeting and Fed's projections on Wednesday. In the meantime, the NAHB Housing Market and New York Fed Services indices are on deck 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 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	4.6741	4.6787	4.6865	4.6882	4.6931



## USD/SGD



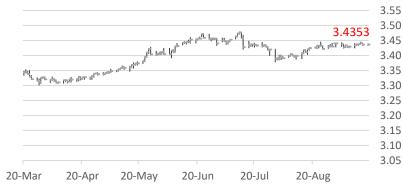
#### USD/SGD Neutral

USD/SGD opened 0.01% higher at 1.3637, traded within 1.3623 and 1.3641 before settling at 1.3638 at the point of writing. This is just a shade above previous close, despite the data this morning showing that Singapore's nonoil domestic exports (NODX) fell more than expected by 20.1% y/y in Aug (Jul: 20.3% y/y), which is not supportive of SGD. As such, we have a neutral call eyeing a trading range between 1.3597 and 1.3651.

	S2	<b>S1</b>	Indicative	R1	R2
USD/SGD	1.3562	1.3597	1.3638	1.3651	1.3667

# **MYR Crosses**

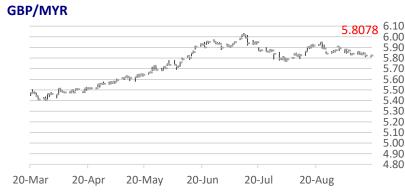
#### SGD/MYR



#### SGD/MYR Neutral

SGD/MYR opened 0.01% higher at 3.4366, seesawed to 3.4341 and 3.4369 post the Singapore's NODX data before settling at 3.4353 at the point of writing. Daily outlook is neutral. Investors will be eyeing Malayia's August exports data tomorrow (Consensus: --16.7% y/y vs Jul: -13.1% y/y) and CPI later in the week.

	S2	<b>S1</b>	Indicative	R1	R2
SGD/MYR	3.4198	3.4281	3.4353	3.4405	3.4447



#### **GBP/MYR Neutral-to-Slightly Bearish**

GBP/MYR opened 0.27% lower at 5.8059 but pared some of its losses to trade at 5.8078 at the point of writing. Daily outlook is slightly bearish on account of the lower opening but we noted GBP strength against regionals. Next up will be the BOE meet later in the week, where expectations is that the central bank will raise the cash rate by another 25bps to 5.50%.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.7749	5.7972	5.8078	5.8321	5.8424



# AUD/MYR



#### AUD/MYR Neutral-to-Slightly Bearish

AUD/ MYR opened 0.22% lower at 3.0158 but pared its losses to trade at 3.0175 at the point of writing. Daily outlook is neutral to slightly bearish given the lower opening but we noted that AUD has gained some momentum in early Asian trade after Assie bond yields rose to a 3-week high.

А	S2	S1	icative	R1	R2
AUD/MYR	2.9842	3.0027	3.0175	3.0310	3.0397
Source: Bloomberg, HLBB Global Markets Resear	ch	·			



#### 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: <u>HLMarkets@hlbb.hongleong.com.my</u>

#### DISCLAIMER

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter.

Potential and actual conflict of interest may arise from the activities of HLB Group. HLB Group constitute a diversified financial services group. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and other activities for their own account or the account of others. In the ordinary course of their business, HLB Group may effect transactions for their own account or for the account of their customers and hold long or short positions in the financial instruments. HLB Group, in connection with its business activities, may possess or acquire material information about the financial instruments. Such activities and information may involve or have an effect on the financial instruments. HLB Group have no obligation to disclose such information about the financial instruments or their activities.

The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.