

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 Jackson 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 non-oil 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	S1	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 Malaysia's August exports data tomorrow (Consensus: -16.7% y/y vs Jul: -13.1% y/y) and CPI later in the week.

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

GBP/MYR



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 Aussie bond yields rose to a 3-week high.

A	S2	S1	icative	R1	R2
AUD/MYR	2.9842	3.0027	3.0175	3.0310	3.0397

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**DISCLAIMER**

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