

19 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 0.26% lower at 4.6780 but quickly pared all its losses to trade at 4.6918 at the point of writing. Daily outlook is neutral-to-slightly bullish on account of the upper trajectory post opening with gains capped at 4.6954 (R1) and markets largely to remain subdued ahead of the string of central bank meets as well as Malaysia's trade numbers due at noon. As it is, consensus is expecting exports to worsen to 16.3% y/y in Aug (Jul: -13.1% y/y) and any surprises could potentially swing the pair.

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	4.6751	4.6828	4.6918	4.6954	4.7007

USD/SGD

USD/SGD Neutral

USD/SGD opened flat at 1.3633 and trended up to 1.3640 at the point of writing. We have a neutral call for this pair, mirroring the performance over the past few days as investors largely await the FOMC meeting this week. As it is, expectations is that the Fed will call for a hawkish pause, while on the domestic front, investors appear to have shrug off the disappointing NODX data.



	S2	S1	Indicative	R1	R2
USD/SGD	1.3575	1.3606	1.3640	1.3650	1.3668

MYR Crosses

SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.08% higher at 3.4401 and settled at 3.4402 at the point of writing. Daily outlook is neutral to slightly bullish with the performance of this pair largely driven by Malaysia's trade numbers today.



	S2	S1	Indicative	R1	R2
SGD/MYR	3.4291	3.4332	3.4402	3.4449	3.4528

GBP/MYR

GBP/MYR Neutral-to-Slightly Bearish

GBP/MYR opened 0.15% lower at 5.8079 but rebounded slightly to 5.8086 at the point of writing. Daily outlook is neutral-to-slightly bearish as GBP/USD struggled to halt the two-day losing streak despite expectations of another 25bps rate hike by the BOE this week.



	S2	S1	Indicative	R1	R2
GBP/MYR	5.7948	5.8058	5.8086	5.8239	5.8310

AUD/MYR



AUD/MYR Neutral-to-Slightly Bearish

AUD/ MYR opened 0.02% higher at 3.0203 but quickly made a U-turn to 3.0183 at the point of writing. Daily outlook is neutral-to-slightly bearish on AUD weakness, mirroring CNH this morning. There were no major surprises from the minutes to the latest RBA meeting, with key takeaway being the central bank discussed raising rates but opted to pause.

A	S2	S1	Indicative	R1	R2
AUD/MYR	3.0047	3.0121	3.0183	3.0256	3.0316

Source: Bloomberg, HLBB Global Markets Research

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