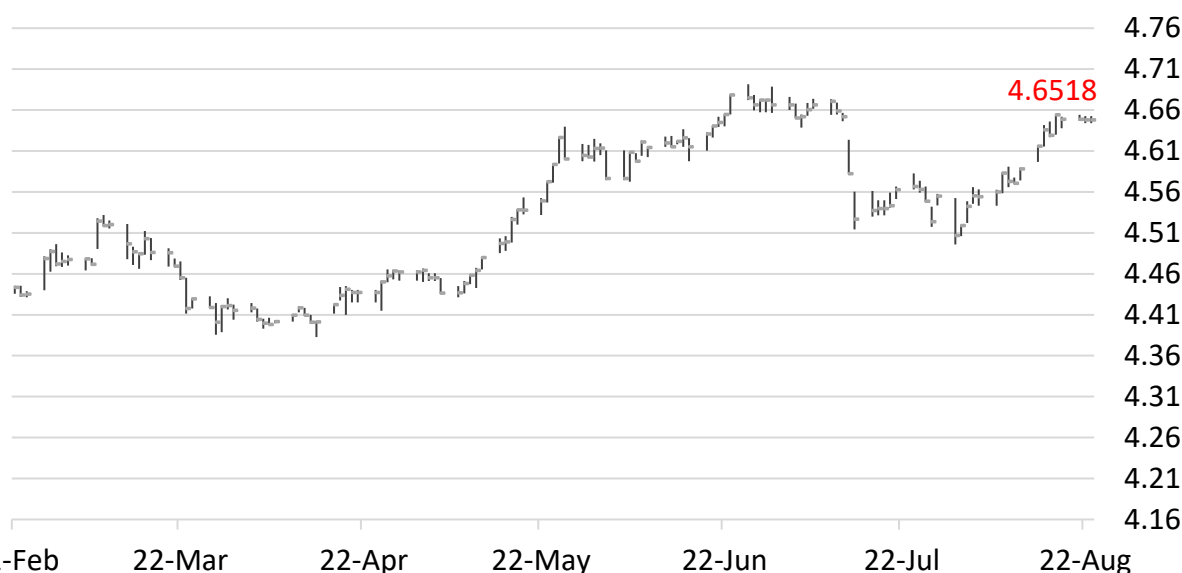


23 August 2023

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral

USD/MYR opened 0.14% higher at 4.6543 but lost its momentum to trade at 4.6518 at the point of writing, trading as low as 4.6518 and as high as 4.6590 this morning. We have a neutral call for this pair, supported at 4.6439 and meeting resistance level at 4.6569 and expect investors to generally stay cautious as they wait for more Fed signals at the Jackson Hole symposium. Meanwhile, we will be watching out for new home sales data tonight as well as S&P PMIs.

1-Month Outlook – USD/MYR Slightly Bearish

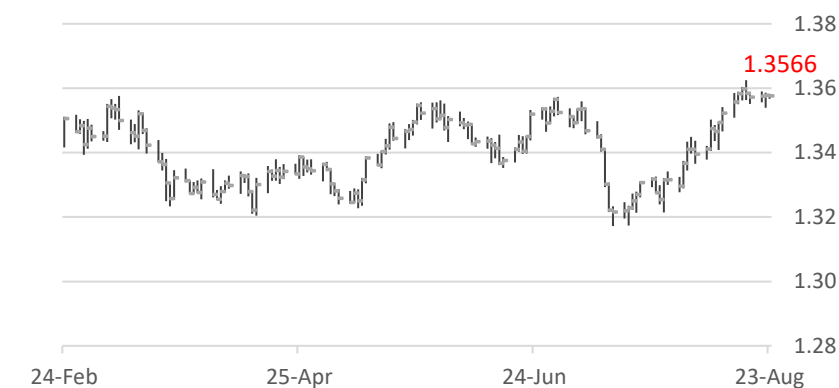
The USD/MYR 1-month outlook is slightly bearish in our view as we maintain our expectations that the 25bps rate hike to 5.25%-5.50% could be the last hike in the current tightening cycle in anticipation of further moderation in inflation outlook. DXY pulled back sharply given the lack of clear direction 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. 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	4.6397	4.6439	4.6518	4.6569	4.6655

USD/SGD

USD/SGD Neutral-to-Slightly Bearish

USD/SGD opened flat at 1.3578 and fell to 1.3566 at the point of writing, after dipping as low as 1.3554 at the point of writing. Daily outlook is neutral-to-slightly bearish given the lower trajectory opening and USD weakness supported firmly at S2 of 1.3521. Key risk for this pair today will be Singapore's CPI where consensus is expecting it to moderate to 4.2% from 4.5% previously.



	S2	S1	Indicative	R1	R2
USD/SGD	1.3521	1.3549	1.3566	1.3596	1.3615

MYR Crosses

SGD/MYR

SGD/MYR Neutral

SGD/MYR opened 0.25% lower at 3.4237 but pared some of its losses to trade at 3.4297 at the point of writing. While this is below previous close, we have a neutral call on this pair as it appears that SGD is a favoured currency amongst its regional peers while MYR will be weighed down by the lower oil prices overnight.



	S2	S1	Indicative	R1	R2
SGD/MYR	3.4166	3.4244	3.4297	3.4368	3.4414

GBP/MYR

GBP/MYR Neutral-to-Slightly Bearish

GBP/MYR opened 0.47% lower at 5.9176 but pared its losses to trade at 5.9287 at the point of writing. Daily outlook is neutral-to-slightly bearish with a tug of war between the lower opening and GBP taking solace from a moderate pick up in risk appetite. As it is, we saw GBP/USD edging up to 1.2741 at the point of writing with the UK PMI the key risk today.



	S2	S1	Indicative	R1	R2
GBP/MYR	5.8892	5.9148	5.9287	5.9558	5.9660

AUD/MYR



AUD/MYR Neutral-to-Slightly Bullish

AUD opened 0.47% lower at 2.9856 but quickly pared its losses to trade at 3.0000 at the point of writing. Daily outlook is neutral-to-slightly bullish as AUD/USD reached its 6-day highs but remains in a downtrend and appears vulnerable. AUD will also continue to face headwinds from negative news flow, both on the economy and corporate on China's front.

a	S2	S1	Indicative	R1	R2
AUD/MYR	2.9694	2.9845	3.0002	3.0074	3.0152

Source: Bloomberg, HLBB Global Markets Research

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