

25 September 2023

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bearish

USD/MYR opened 0.05% lower at 4.6873 and slid to 4.6850 at the point of writing. Expectations that crude oil prices should stay elevated after Russia's imposed temporary ban on diesel and gasoline exports will benefit commodity currencies like MYR today. As such, we have a neutral-to-slightly bearish call for this pair today. This week, US core PCE prices will be back in focus for more hints on the Fed's higher for longer rhetoric.

1-Month Outlook – USD/MYR Neutral

The USD/MYR 1-month outlook is neutral despite expectations for one more 25bps hike this year, while expectations for any rate cut are being pushed back to 2H2024. In fact, the latest Fed dot plot showed the median forecast for end-2023, 2024 and 2025 fed funds rate at 5.6%, 5.1% and 3.9% respectively (June: 5.6%, 4.6% and 3.4%). The 50bps upward revision for 2024 and 2025 was attributable to a more solid expansion in economic activities. 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	4.6752	4.6822	4.6850	4.6928	4.6962

USD/SGD

USD/SGD Neutral-to-Slight Bullish

USD/SGD opened 0.01% higher at 1.3653 and strengthened to 1.3663 at the point of writing. Daily outlook is neutral-to-slightly bullish on SGD weakness as well as on expectations that the greenback will benefit from FOMC's more hawkish than expected stance. Gains is expected to be capped at 1.3702 (R1) after DXY slid to 105.56 as of the point of writing and on the back of a retreat in UST yields.



	S2	S1	Indicative	R1	R2
USD/SGD	1.3604	1.3628	1.3663	1.3702	1.3751

MYR Crosses

SGD/MYR

SGD/MYR Neutral-to-Slightly Bearish

SGD/MYR opened 0.01% lower at 3.4333 and slid to 3.4314 at the point of writing. Daily outlook is neutral-to-slightly bearish, hit by the double whammy of MYR strength and SGD weakness. Today, we will be watching out for Singapore's inflation numbers, with headline and core expected to decelerate to 4.0% y/y and 3.5% y/y in August.



	S2	S1	Indicative	R1	R2
SGD/MYR	3.4161	3.4242	3.4314	3.4370	3.4404

GBP/MYR

GBP/MYR Neutral-to-Slightly Bearish

GBP/MYR opened 0.01% lower at 5.7404 and slid to 5.7341 at the point of writing. Daily outlook is neutral-to-slightly bearish with GBP weighed down by a sharp slowdown in its PMIs and after the BOE unexpectedly kept its key policy rate unchanged. While retail sales data rebounded following the wet weather the previous, it was still below consensus and thus, does not bode well for GBP.



	S2	S1	Indicative	R1	R2
GBP/MYR	5.7134	5.7270	5.7341	5.7621	5.7838

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.02% higher at 3.0202 but quickly retreated to 3.0133 at the point of writing. Daily outlook is neutral after Australia's 10Y government yields fell 3bps to 4.31% as of the point of writing. This pair will be supported at 3.0077 (R1) and 2.9958 (R2) respectively, with both currencies benefitting from the elevated commodity prices.

A	S2	S1	Indicative	R1	R2
AUD/MYR	2.9958	3.0077	3.0133	3.0261	3.0326

Source: Bloomberg, HLBB Global Markets Research

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