

27 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 0.06% higher at 4.6935 and trended up to 4.7075 at the point of writing. Daily outlook is neutral-to-slightly bullish as we expected most regional currencies to weaken against USD on risk off sentiment. Elevated UST yields are also supportive of USD, but gains are expected to be capped at 4.7105 (R1) and 4.7320 (R2) respectively amidst disappointing consumer confidence and new homes sales data overnight.

1-Month Outlook – USD/MYR Neutral

The USD/MYR 1-month outlook is neutral despite expectations for one more 25bps Fed 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 expectations for a more solid expansion in economic activities and continuous improvement in the labour market. 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	4.6780	4.6844	4.7075	4.7105	4.7320

USD/SGD

USD/SGD Neutral-to-Slightly Bullish

USD/SGD opened flat at 1.3689, and traded within the 1.3681-1.3703 band. Daily outlook is neutral-to-slightly bullish on USD strength, while sentiment for SGD to be dampened by anticipation of a dovish outlook in the next MAS meeting, reaffirmed by the double-digit contraction in manufacturing output overnight.



	S2	S1	Indicative	R1	R2
USD/SGD	1.3642	1.3666	1.3689	1.3718	1.3756

MYR Crosses

SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.16% lower at 3.4248, quickly spiked to 3.4397 before retreating slightly to 3.4363 at the point of writing. The large swing in the pair supports our view of a neutral-to-slightly bullish call for this pair, with gains capped at 3.4448 (R1) and 3.4559 (R2) respectively.



	S2	S1	Indicative	R1	R2
SGD/MYR	3.4169	3.4230	3.4363	3.4448	3.4559

GBP/MYR

GBP/MYR Neutral

GBP/MYR opened 0.33% lower at 5.6975 but pared gains to trade at 5.7193 at the point of writing. Despite this, we do not anticipate much upside as expectations that BOE will hold rates steady will weigh on GBP. As it is, GBP/USD is still slumping below the 1.2200 handle and as such, we have a neutral call for this pair.



	S2	S1	Indicative	R1	R2
GBP/MYR	5.6812	5.6990	5.7193	5.7255	5.7346

AUD/MYR



AUD/MYR Neutral-to-Slightly Bullish

AUD/MYR opened 0.28% lower at 2.9992 before erasing all its losses to trade at 3.0132 at the point of writing. We have a neutral-to-slightly bullish call this morning after Australia's CPI data accelerated to 5.2% y/y in Aug, although matching expectations and keeping rate hike expectations alive. At the same time, China's industrial profits also rebounded to gain 17.2% y/y in Aug (Jul: -6.7% y/y).

A	S2	S1	Indicative	R1	R2
AUD/MYR	2.9885	2.9980	3.0132	3.0156	3.0237

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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