

28 August 2023

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bullish

USD/MYR opened 0.02% lower at 4.6400 but rebounded to above previous close at 4.6425 at the point of writing. Daily outlook is neutral-to-slightly bullish as DXY largely held steady at 104.07 at the point of writing, albeit down from 104.17 when it opened this morning. USD is expected to be supported by a more hawkish than expected tone by Jerome Powell during the Jackson Hole symposium, where he signalled that the Fed may hold higher rates for longer. This week however, the Dollar will be challenged by the Fed favourite inflation gauge, the Core PCE Price index as well as non-farm payroll data due to be rolled out.

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	4.6268	4.6337	4.6425	4.6517	4.6627

USD/SGD

USD/SGD Neutral-to-Slightly Bearish

USD/SGD opened 0.01% higher at 1.3563 but soon retreated to 1.3538 at the point of writing. We have a neutral-to-slightly bearish view on this pair given the downward trajectory post opening and cautious tone ahead of the core-PCE prices as well as labour data on the US front, as reflected by DXY's performance this morning. In the absence of economic data on the Singapore front, the direction for this pair will be predominantly USD driven.



	S2	S1	Indicative	R1	R2
USD/SGD	1.3497	1.3529	1.3538	1.3590	1.3619

MYR Crosses

SGD/MYR

SGD/MYR Slightly Bullish

SGD/MYR opened 0.04% higher at 3.4231 and strengthened further to 3.4297 at the point of writing. Daily outlook is slightly bullish given SGD strength against its regional peers this morning, meeting R1 and R2 respectively at 3.4371 and 3.4494. Data on Friday also showed that Malaysia's CPI tapered off more than expected and for the fifth month to 2.0%, while Singapore's IPI fell less than expected by 0.9%, supporting our view of a stronger SGD vs MYR today.

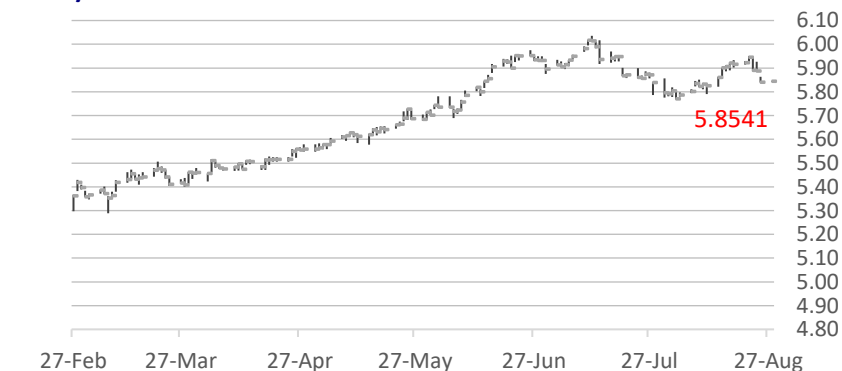


	S2	S1	Indicative	R1	R2
SGD/MYR	3.4125	3.4172	3.4297	3.4371	3.4494

GBP/MYR

GBP/MYR Slightly Bullish

GBP/MYR opened 0.04% higher at 5.8424 and strengthened to 5.8541 at the point of writing. Daily outlook is slightly bullish as the GBP appears to try to reclaim the 1.2600 level this morning after the more hawkish tone from BOE Deputy Governor Bent Broadbent at the Jackson Hole where he said that UK rates need to remain high for some time, echoing the Fed and ECB.



	S2	S1	Indicative	R1	R2
GBP/MYR	5.8233	5.8316	5.8541	5.8553	5.8707

AUD/MYR



AUD/MYR Slightly Bullish

AUD opened 0.08% lower at 2.9773 but rebounded to 2.9871 at the point of writing. We have a slightly bullish view for this pair given AUD strength and Aussie retail sales data which came above expectations at +0.5% m/m in July (+0.3% m/m consensus vs -0.8% m/m for June), suggesting a still resilient consumer spending.

a	S2	S1	Indicative	R1	R2
AUD/MYR	2.9703	2.9750	2.9871	2.9929	3.0042

Source: Bloomberg, HLBB Global Markets Research

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