29 August 2023

Global Markets Research

Daily Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bearish

USD/MYR opened 0.16% lower at 4.6477 but shaved some of its losses to trade higher at 4.6532 at the point of writing. Lower UST yields overnight and improved sentiment post Powell's speech has dented the greenback's safe haven appeal, and as such, we have a neutral-to-slightly bearish call for this pair today. This pair, will nevertheless, be supported at 4.6442 with investors largely staying cautious ahead of the highly watched core-PCE and non-farm payroll.

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	4.6334	4.6442	4.6532	4.6608	4.6666

USD/SGD

USD/SGD Neutral-to-Slightly Bearish

USD/SGD opened flat at 1.3560 but retreated to 1.3547 at the point of writing. Daily outlook is neutral-to-slightly bearish with the direction for this pair largely USD-driven this week. Tonight, we will be watching out for the JOLTS job openings survey for preview on the NFP data, as well as housing numbers.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3513	1.3537	1.3547	1.3581	1.3601

MYR Crosses

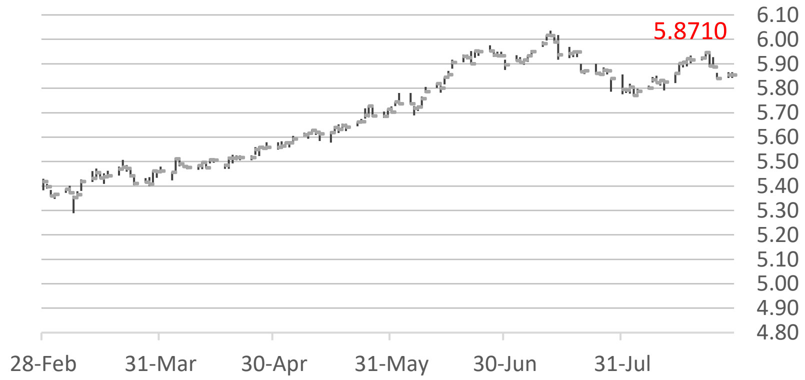
SGD/MYR

SGD/MYR Slightly Bullish

SGD/MYR opened 0.15% higher at 3.4347, briefly dipped to 3.4304 before retracing back to 3.4348 at the point of writing. Daily outlook is slightly bullish given SGD strength vis-à-vis its regional peers and as well as the higher opening.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.4163	3.4229	3.4348	3.4415	3.4541

GBP/MYR



GBP/MYR Slightly Bullish

GBP/MYR opened 0.28% higher at 5.8705 briefly slipped to 5.8635 before retracing to 5.8710 at the point of writing. Daily outlook is slightly bullish given the higher opening as well as GBP strength, meeting R1 and R2 respectively at 5.8775 and 5.9012. Overnight, GBP/USD stopped its free-fall amidst the bank holiday, retreating to as low as 1.2567 before settling at 1.2625 at the point of writing.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.8301	5.8422	5.8710	5.8775	5.9012

AUD/MYR

AUD/MYR Slightly Bullish

AUD opened 0.36% higher at 2.9926, took a breather at 2.9875 before rebounding back to 2.9927 at the point of writing. Daily outlook is slightly bullish, with R1 at 3.0011, given the higher opening while China's targeted stimulus measures will offer some support for CNH, and thus, AUD. Looking ahead, incoming RBA Governor Bullock's speech today will be crucial ahead of the policy meet next week.

a	S2	S1	Indicative	R1	R2
AUD/MYR	2.9673	2.9745	2.9927	3.0011	3.0180

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