

29 September 2023

## Global Markets Research

### Daily Currency Outlook

#### USD/MYR



Source: Bloomberg, HLBB Global Markets Research

#### Intraday Thoughts – Neutral-to-Slightly Bearish

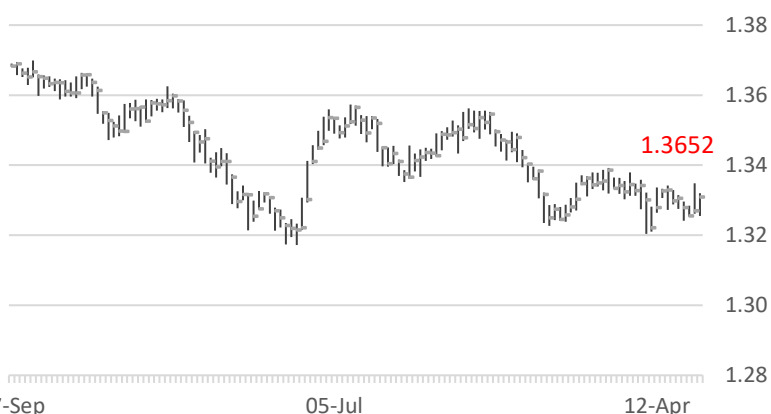
USD/MYR opened 0.32% lower at 4.6935 and slid to 4.6923 at the point of writing. Daily outlook is neutral-to-slightly bearish on MYR strength, supported by still elevated crude oil prices. Treasury yields easing from their multiyear highs also does not bode well for USD, but we expect any losses to be largely capped at 4.6874 (R1) and 4.6714 (R2) respectively as USD has held firmly above the 106-handle. Tonight, we will be watching out for US PCE prices, with headline is expected to accelerate to 3.5% y/y while core ease to 3.9% y/y for August.

#### 1-Month Outlook – USD/MYR Neutral

The USD/MYR 1-month outlook is neutral despite the Fed dot plot points to 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	4.6714	4.6874	4.6923	4.7140	4.7194

## USD/SGD



### USD/SGD Neutral-to-Slightly Bearish

USD/SGD opened flat at 1.3658, rose to as high as 1.3668 but quickly lost its lustre to trade at 1.3652 at the point of writing. Given the strengthening bias for SGD, we have a neutral-to-slightly bearish call for this pair. Meanwhile, SGD yields traded mixed this morning, modestly between -1 to +1bps.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3591	1.3624	1.3652	1.3711	1.3765

## MYR Crosses

### SGD/MYR



### SGD/MYR Neutral

SGD/MYR opened 0.28% higher at 3.4464 but pared its gains to trade at 3.4365 at the point of writing. Daily outlook is neutral with trading range eyed between 3.4302 and 3.4559. There are no economic drivers on the data front today on both sides of the border, an as such, any sways will predominantly be oil price or USD driven.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.4273	3.4302	3.4365	3.4559	3.4771

### GBP/MYR



### GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.44% higher at 5.7467 but pared some of its gains to trade at 5.7269 at the point of writing. GBP/USD managed to eke out a minor recovery on Friday owing to USD weakness, sending GBP/USD to 1.2211 at the point of writing but is expected to slide back to the 1.2000 handle. The upcoming Friday trading session will kick things off with UK's 2Q GDP data, while BOE is reported to have begun work on a bailout tool for insurers and pension funds after 2022 rout.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.7083	5.7128	5.7269	5.7963	5.8518

## AUD/MYR



## AUD/MYR Neutral-to-Slightly Bullish

AUD/MYR opened 0.79% higher at 3.0258 but retreated to 3.0191 at the point of writing. Daily outlook is neutral-to-slightly bullish on account of the higher opening and AUD/USD recovering some lost grounds to trade at 0.6438 at the point of writing. Data this morning, meanwhile, showed that private sector credit unexpectedly accelerated to +0.4% m/m in Aug.

A	S2	S1	Indicative	R1	R2
AUD/MYR	2.9835	2.9926	3.0191	3.0373	3.0550

Source: Bloomberg, HLBB Global Markets Research

**Hong Leong Bank Berhad**

Fixed Income &amp; 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](mailto:HLMarkets@hlbb.hongleong.com.my)**DISCLAIMER**

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