

3 November 2022

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – USD/MYR Bullish

USD/MYR opened relatively flat at 4.7382 but has since inched higher to 4.7443 as point of writing. Federal Reserve Chairman Jerome Powell's guidance that the central bank has more rate hikes ahead is positive for the USD hence our view for a bullish USD/MYR outlook today. Nevertheless, BNM is set to meet today and we expect the central bank to deliver a more measured 25bps hike vis-à-vis the Fed, helping cushion the decline in the Ringgit.

1-Month Outlook – USD/MYR Neutral-to-Bullish

MYR is tilted to the bearish side given prospects of sustained USD strength. Slower than expected moderation in US CPI, coupled with resiliency seen in recent data releases, are expected to support the Fed's case for continued aggressive policy normalization going forward. The Fed has guided for another 125bps hike for the remaining of the year, hence likelihood of a 75bps hike in November followed by a 50bps hike in December, bringing the Fed funds rate to 4.25-4.50% by end-2022. In addition, the Fed also projected a higher terminal rate of 4.6% by next year, substantially higher than the prior 3.8%. Recent Fed speaks further highlighted that it would remain appropriate for rates to reach as higher as 5.0%. This shall keep the USD bullish, suppressing emerging currencies as the yield gap with the US widens. That said, we caution against an earlier than expected Fed policy pivot which could dampen USD outlook.

	S2	S1	Indicative	R1	R2
USD/MYR	4.7140	4.7280	4.7443	4.7500	4.7600

MYR Crosses

SGD/MYR

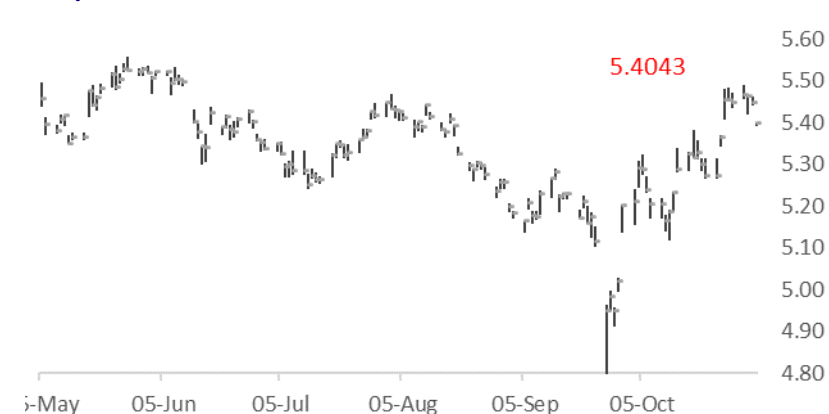


SGD/MYR Neutral to Slightly Bearish

SGD/MYR opened 0.48% lower at 3.3407, but has since edged slightly up to 3.3478 at time of writing. The pair is expected to trade on a slightly bearish bias today following the lower opening, and a weaker SGD outlook against a firm USD. Meanwhile, the MYR is expected to find some support from expectations that BNM will deliver a 25bps hike at this afternoon's MPC meeting.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.3390	3.3460	3.3478	3.3615	3.36250

GBP/MYR



GBP/MYR Slightly Bearish

GBP/MYR opened 1.0% lower at 5.3938 but has since inched up to 5.4043 on the back of a climb in USD/ MYR. GBP/ MYR outlook is slightly bearish today following a lower opening but sterling will be supported by expectations of reversal in the yield gap following today's BNM and BOE's monetary policy meetings. The BOE is expected to deliver a 75bps hike. Any dovish guidance could potentially dampen the GBP, hence exerting pressure on GBP/ MYR.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.3376	5.3618	5.4043	5.4418	5.4644

AUD/MYR



AUD/MYR Slightly Bearish

AUD/MYR opened 1.4% d/d lower at 3.0034 and has since climbed higher to 3.0192. Daily outlook is bearish given the sharply lower opening although we expect losses to narrow as we sail through the day. Aussie appears to be finding some support from positive Australia trade data while PMI services also dipped less than initially estimated, in contraction nonetheless.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9663	3.0000	3.0192	3.0297	3.0400

Source: Bloomberg, HLBB Global Markets Research

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