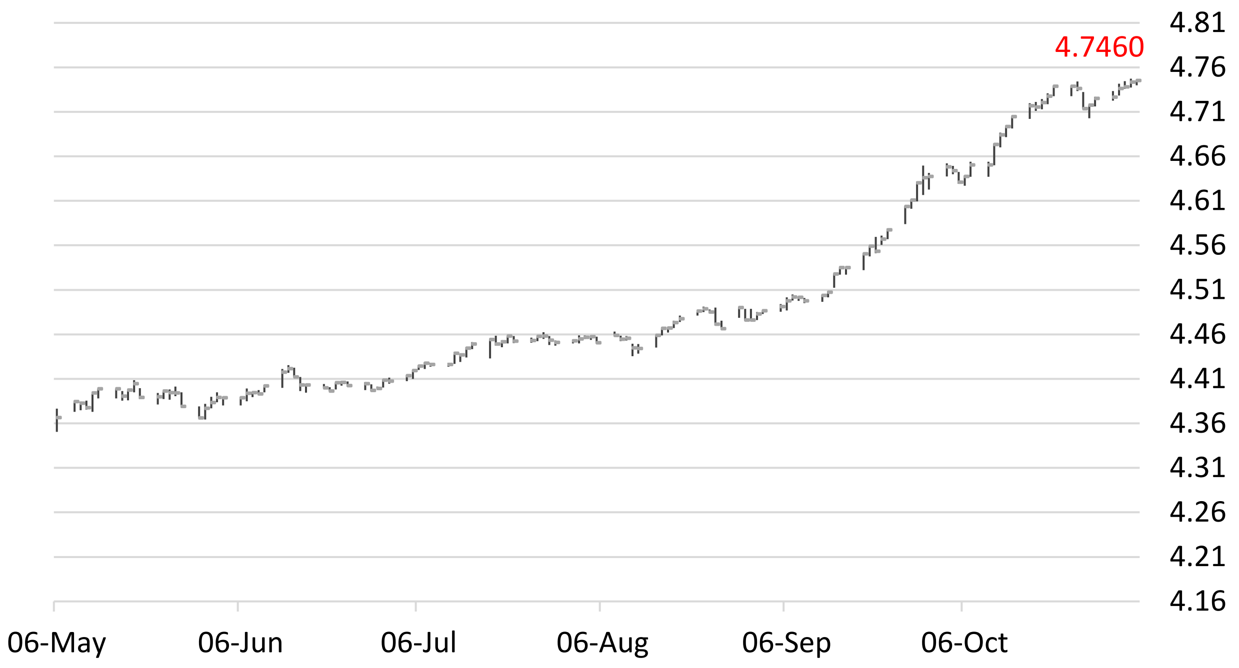
4 November 2022

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – USD/MYR Neutral to Slightly Bullish

USD/MYR opened slightly down at 4.7400, printing a low of 4.7375 but has since rebounded higher to 4.7460 as point of writing. We are neutral to slightly bullish today on USD strength, but we expect some consolidations due to its stretched positions in the near term for USD and investors to stay cautious pending the release of the non-farm payroll due to be released tonight.

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 biddish, 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	4.7460	4.7500	4.7600

MYR Crosses

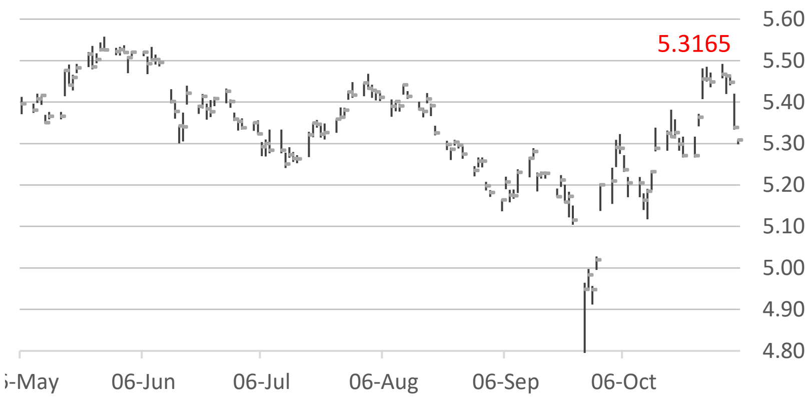
SGD/MYR

SGD/MYR Neutral to Slightly Bullish

SGD/MYR opened flat at 3.3368 but has since shot up to 3.3447 at time of writing. The pair is expected to trade on a neutral to slightly bullish tone today on the back of SGD strength. The MYR is, nevertheless, expected to find some support from the recent OPR hike and expectations that the BNM may still continue tightening going forward.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.3317	3.3400	3.3447	3.3615	3.3650

GBP/MYR

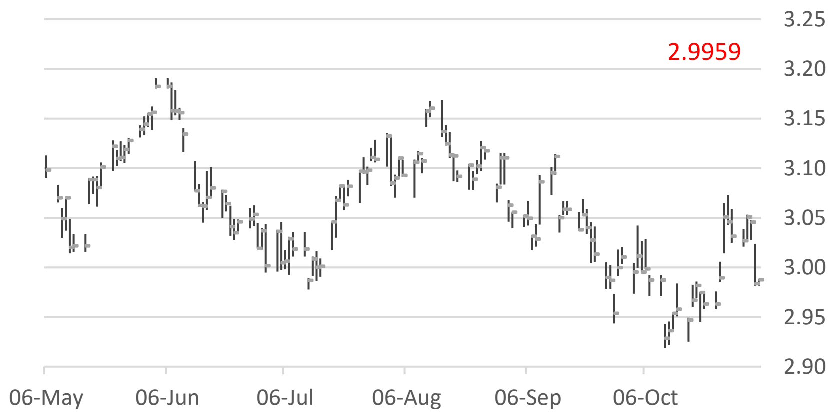


GBP/MYR Slightly Bearish

GBP/MYR opened 0.7% lower at 5.2990 but has since inched up to 5.3165 at the point of writing. GBP/ MYR outlook is slightly bearish today following a lower opening but the sterling was seen regaining some lost ground this morning, hence potentially narrowing losses in GBP/ MYR. Policy divergence between the BOE (dovish hike) and BNM (hawkish hike), will likely exert some downward pressure on the pair.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.2280	5.2634	5.3165	5.3308	5.3544

AUD/MYR



AUD/MYR Slightly Bullish

AUD/MYR opened mildly flat (-0.02%) at 2.9829 and has since climbed higher to 2.9959. Daily outlook is slightly bullish today as the Aussie was seen rebounding from yesterday's selloff while the MYR daily outlook remains slightly bullish. There are no economic data due to be released on both ends today to sway this pair.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9565	2.9727	2.9959	3.0297	3.0400

Source: Bloomberg, HLBB Global Markets Research

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