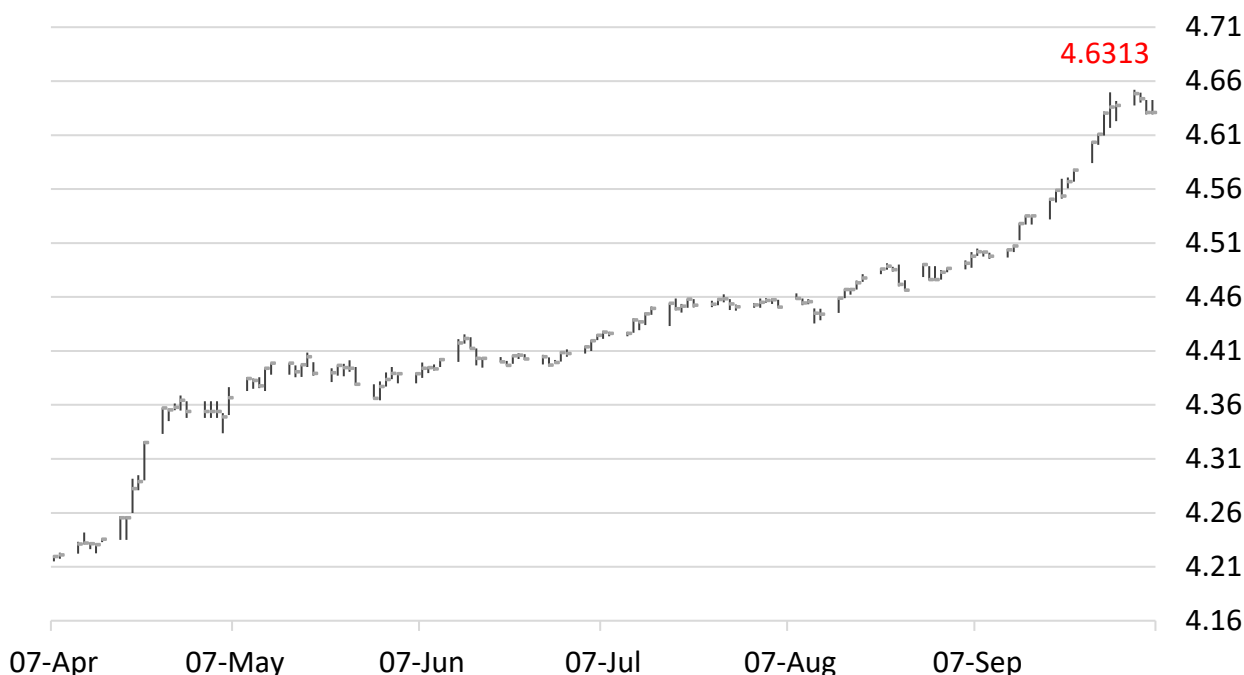


6 October 2022

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened 0.09% lower at 4.6270 but has edged back up to the 4.63 levels, on the back of renewed USD weakness this morning. OPEC+ production cut to the tune of 2 million barrels a day is expected to reignite inflationary risks, potentially complicating and heightening policy risks. Expect more muted and range trading in USD/ MYR today ahead of the tabling of Malaysia 2023 Budget tomorrow.

1-Month Outlook – MYR Neutral-to-Bearish

We are turning bearish on MYR 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%. This shall keep the USD bullish, suppressing emerging currencies as the yield gap with the US widens. That said, the MYR will remain supported by favourable domestic growth outlook amid continuous robust domestic consumption and a low base effect last year.

	S2	S1	Indicative	R1	R2
USD/MYR	4.6082	4.6238	4.6313	4.6500	4.7000

MYR Crosses

SGD/MYR



SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened unchanged at 3.2550 and was seen trading sideways at time of writing. We are neutral on the pair today potentially with a slight bullish bias in anticipation of rangetrading in the MYR, while the SGD is expected to exhibit a bullish tilt. Continuous trading above 3.25 points to bullishness in the pair. Upcoming MAS policy tightening is expected to be supportive of the SGD, hence further upside in SGD/ MYR.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.2355	3.2518	3.2550	3.2800	3.3000

GBP/MYR



GBP/MYR Bearish

GBP/MYR opened 0.54% lower at 5.2590 and was seen hovering around this level. The pair has rebounded nicely above 5.00 from the recent low in the 4.94 handles, and stands ready for more upside. A bearish GBP/ USD in the wake of policy uncertainties and a less hawkish BOE, is expected to exert downward pressure on the pair, but the strong V-shaped rebound have softened the bears.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.1932	5.2486	5.2586	5.3584	5.4150

AUD/MYR



AUD/MYR Slightly Bullish

AUD/MYR opened 0.68% higher at 3.0155 and has been trading within 100pips between 3.0121 and 3.0223 this morning. Aussie continues to trade above the 0.65 handle, despite indication from RBA on likelihood of a slower pace of rate hike. Daily outlook is slightly bullish on the back of a positive Aussie.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9692	2.9788	3.0195	3.0455	3.0620

Source: Bloomberg, HLBB Global Markets Research

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