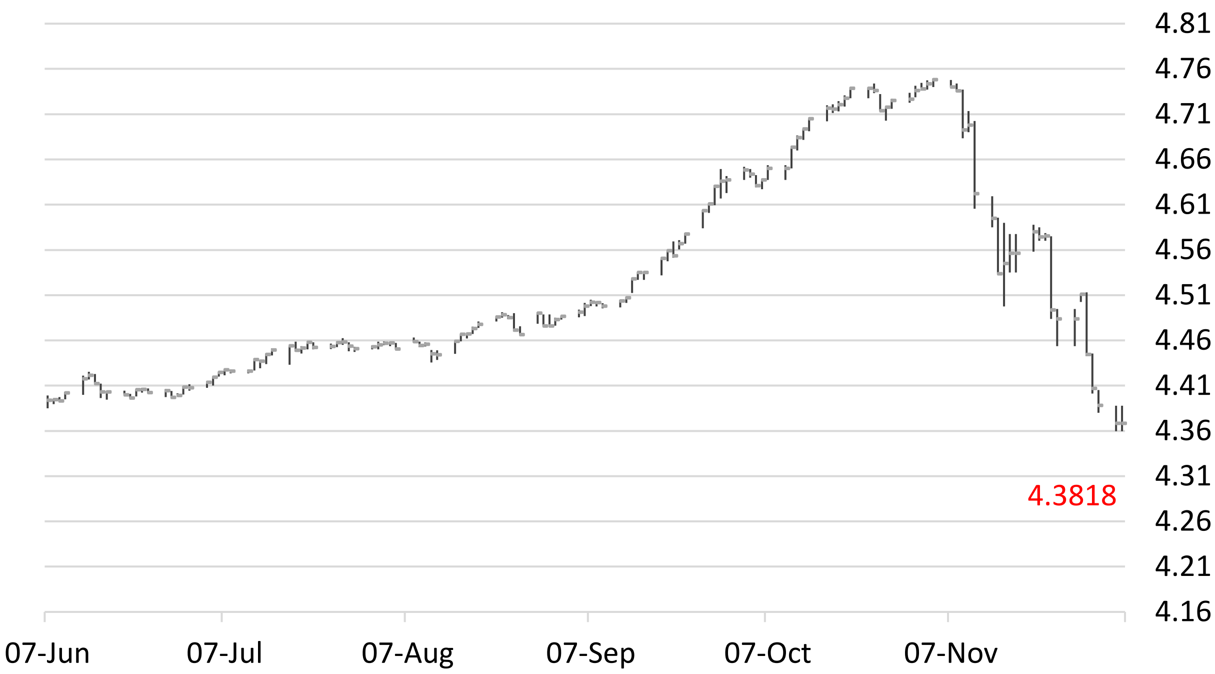
6 December 2022

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Slightly Bullish

USD/MYR opened flat (+0.01%) at 4.3690 but has trended higher to 4.3818 at the point of writing. Daily outlook is slightly bullish given the upward trajectory post opening and renewed USD gains. MYR seemed to have taken a breather this morning after two weeks of rally, weakening against G10 and regional currencies. Greenback, on the other hand, strengthened vis-à-vis regional currencies (with the exception of yuan, yen and SGD), on the back of strong US ISM-Services data which unexpectedly picked up and raising optimism that a recession could be avoided in 2023 while also spurring speculation about how high rates will rise. This has sent the Dollar Index back above the 105-handle overnight.

1-Month Outlook – USD/MYR Neutral to Slightly Bearish

USD/ MYR has turned technically bearish following the recent sharp move lower, breaking various key support levels on the way. Reaffirmation from Fed Chair Powell that the Fed will slow the pace of rate hike as early as December marks the beginning of Fed policy pivot, and shall continue to dampen USD outlook going forward, hence benefitting the G10s and other EM currencies. Abatement in local political noises and favourable economic fundamentals domestically should also keep the MYR supported. However, given the oversold position in the pair after recent sharp moves, we expect more muted losses with 4.40 as a key support, hence our neutral outlook on a one-month horizon. A break below 4.40 will likely pave the way for the pair to head towards 4.35.

	S2	S1	Indicative	R1	R2
USD/MYR	4.3542	4.3647	4.3818	4.3857	4.3924

MYR Crosses

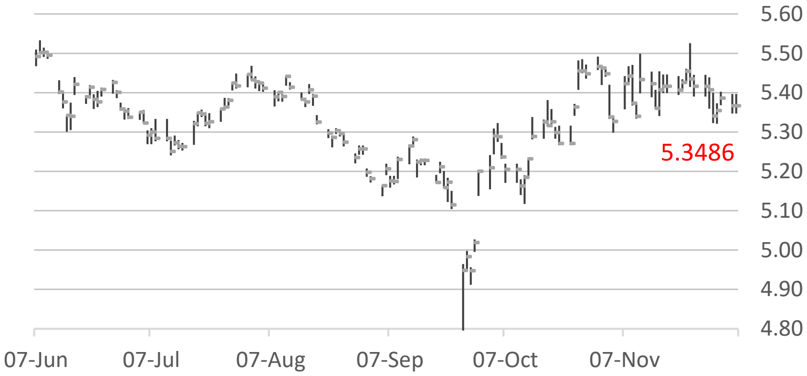
SGD/MYR

SGD/MYR Neutral-to-Slightly Bearish

SGD/MYR opened 0.60% lower at 3.2209 but rebounded to 3.2317 at the point of writing. Daily outlook is neutral to slightly bearish on the back of the lower opening but any loss will be capped by Ringgit weakness and SGD strength this morning. SGD has strengthened against regional currencies this morning benefitting from China easing their COVID restriction on several cities.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.2251	3.2280	3.2317	3.2344	3.2378

GBP/MYR



GBP/MYR Slightly Bearish

GBP/MYR opened 0.74% lower at 5.3271 and has inched up to 5.3486 at the point of writing. Daily outlook is slightly bearish given the lower opening and any movement from this pair will be dependent on Ringgit and US Dollar dynamics. As it is, we expect any fall in this pair will be capped by a weak Ringgit this morning as well as expectations of a BOE rate hike scheduled next week.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.3283	5.3370	5.3486	5.3759	5.4054

AUD/MYR

AUD/MYR Neutral-to-Slightly Bearish

AUD/MYR opened 1.57% lower at 2.9305 but has since rebounded to 2.9415 at the point of writing. Daily outlook is neutral to slightly bearish primarily on account of the lower opening. Like SGD, AUD will benefit from the reopening of the Chinese economy and is one of the currencies that has strengthened this morning, alongside yuan and yen. The RBA is also set to meet where a 25bps rate hike is expected, supporting AUD but the tone of the statement will also be highly watched.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9089	2.9350	2.9415	2.9699	2.9961

Source: Bloomberg, HLBB Global Markets Research

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