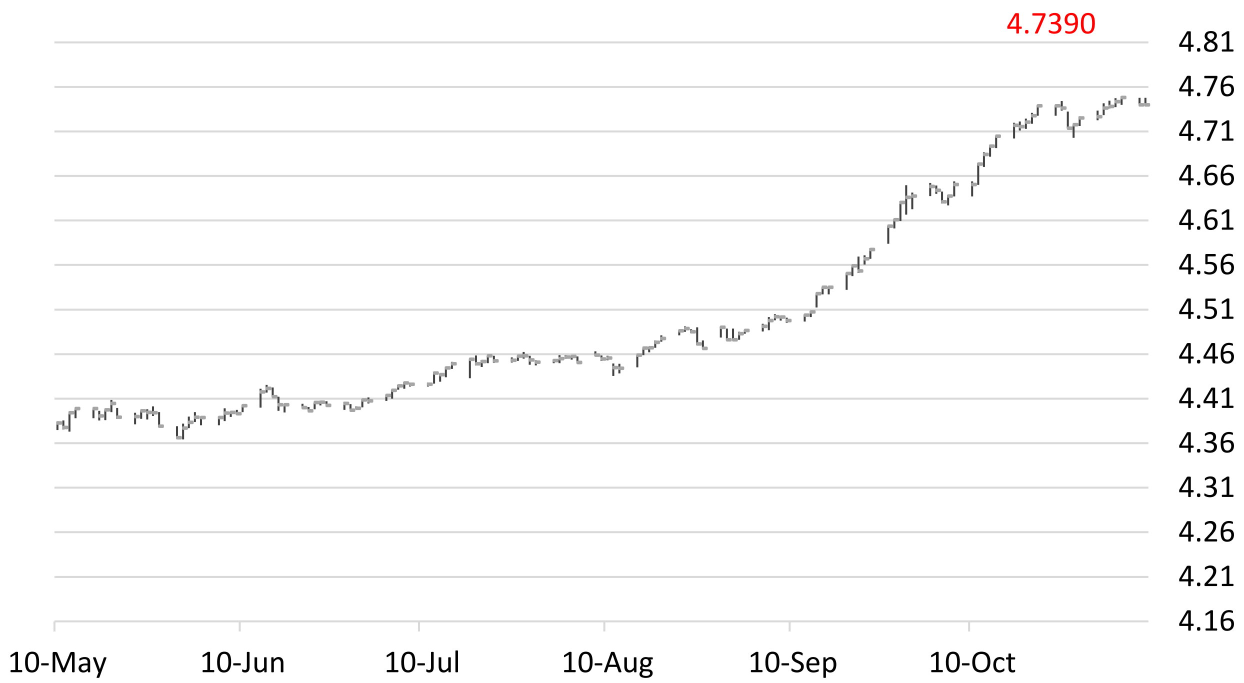
8 November 2022

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – USD/MYR Bearish

USD/MYR opened flat at 4.7400 and slipped marginally to 4.7390 at the point of writing. Daily outlook is bearish following the weak Dollar overnight. The greenback weakened against all G10 currencies with the exception of CAD and the Dollar Index dipped 0.6% d/d. Tuesday's midterm election in the US will determine the direction of the Dollar for next two days followed by inflation data on Thursday. On the local front, BNM is set to unveil 3Q GDP on Friday. While this could potentially provide support for the Ringgit as we expect a strong 3Q, this will be offset by cautiousness ahead of the General Election.

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. At its latest FOMC meeting, the Fed suggested slower pace of rate hike going forward after three consecutive 75bps hike, but Fed Chair Powell guided for higher than previously projected terminal rate. This dampened hope of a policy pivot and lifted expectations that the Fed funds rate could potentially be raised to as high as 6.00% over the next year. This shall keep the USD biddish, suppressing emerging currencies as the yield gap with the US widens.

	S2	S1	Indicative	R1	R2
USD/MYR	4.7150	4.7300	4.7390	4.7556	4.7664

MYR Crosses

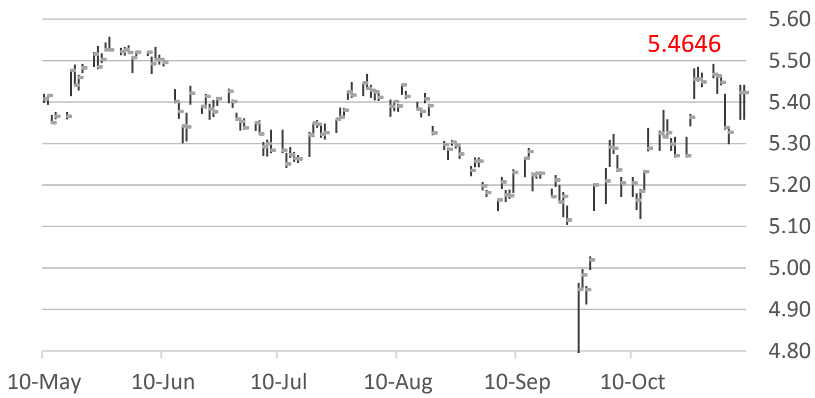
SGD/MYR

SGD/MYR Bullish

SGD/MYR opened 0.22% higher at 3.3815 and rangetraded between 3.3785 and 3.3844 since. Daily outlook is bullish following the higher opening, a relatively resilient SGD vis-à-vis regional currencies as well as investors staying cautious on MYR ahead of the General Election. However, bullishness in the pair could be capped by expectations for a strong Malaysia's 3Q GDP due to be released on Friday.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.3600	3.3700	3.3820	3.3844	3.4000

GBP/MYR

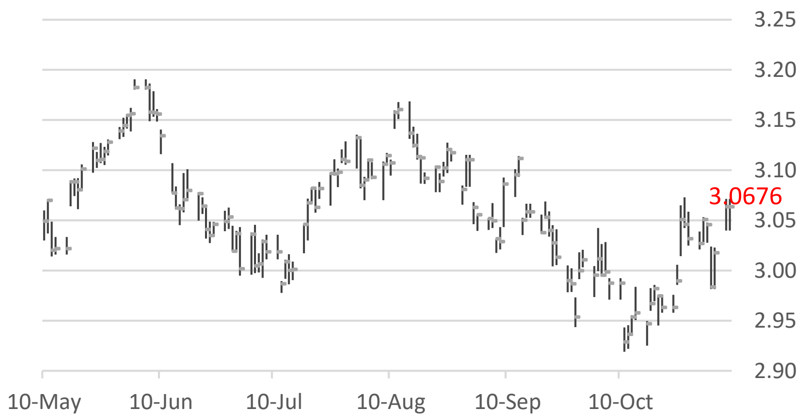


GBP/MYR Bullish

GBP/MYR opened 0.62% higher at 5.4562 and has been whipsawing between 5.4526 and 5.4669. We are bullish on this pair following the higher opening as well as the strong sterling overnight, supported by a risk-on sentiment across markets with European stocks rising. Key risk for the week will be the release of 3Q GDP for both the UK and Malaysia on Friday.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.3623	5.4076	5.4646	5.4852	5.5123

AUD/MYR



AUD/MYR Neutral to Slightly Bullish

AUD/MYR opened 0.16% higher at 3.0684, spiked to 3.0761 but has since retreated to 3.0676 at point of writing. Daily outlook is neutral to slightly bullish but we expect limited upside as Aussie appeared to be trading in a slightly bearish note this morning following the release of weaker Westpac consumer confidence and NAB business confidence.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0311	3.0462	3.0676	3.0800	3.0925

Source: Bloomberg, HLBB Global Markets Research

Hong Leong Bank Berhad
Fixed Income & 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