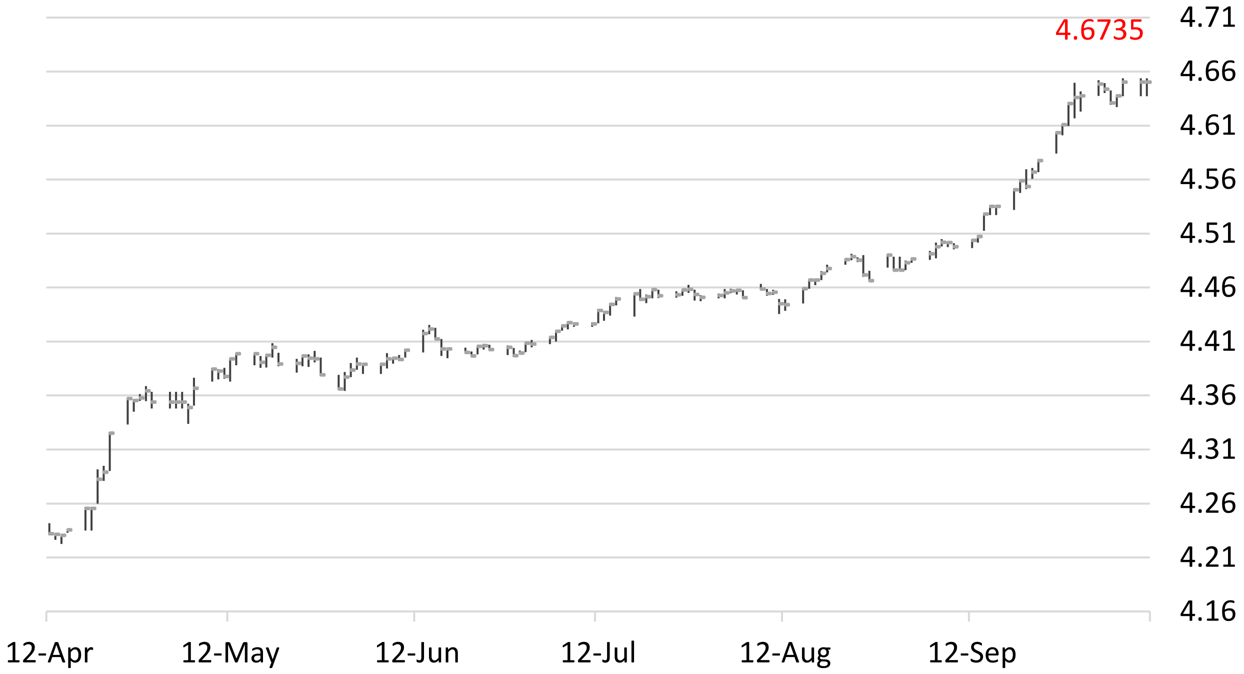
11 October 2022

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Bearish

USD/MYR opened unchanged from last Friday's close at 4.6502 (MYR market was closed for a public holiday on Monday). At time of writing, the pair is seen trading higher at 4.6735, and looks poised to test higher grounds of 4.68 soon. Overall bearish market sentiments stoke by rising geopolitical tensions between the US-China, and Russia-Ukraine, are expected to keep USD bulls intact. Meanwhile, uncertainties surrounding the upcoming GE15 following the dissolution of Parliament on the domestic front is also exerting some pressure on MYR.

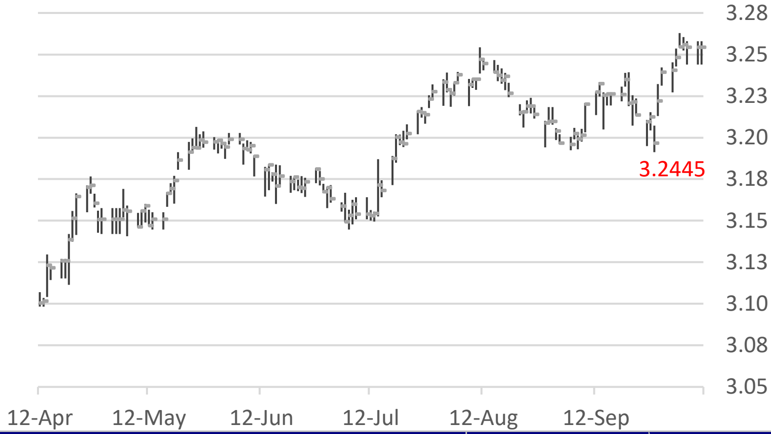
1-Month Outlook – MYR Neutral-to-Bearish

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%. This shall keep the USD biddish, 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	4.6373	4.6500	4.6735	4.6800	4.7000

MYR Crosses

SGD/MYR

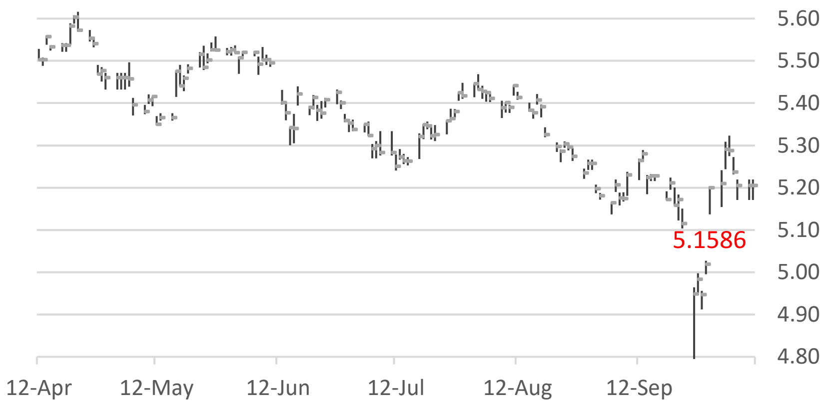


SGD/MYR Slightly Bearish

SGD/MYR opened 0.57% lower at 3.2355 and rallied higher to 3.2445 at time of writing. Daily outlook is slightly bearish given the lower opening but expectations for a more resilient SGD vs the MYR could help narrow losses in the pair. The SGD will be supported by expectations of further policy tightening by MAS this Friday, hence keeping SGD/ MYR above 3.20. 3.25 remains a key resistance for now.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.2178	3.2276	3.2445	3.2411	3.2468

GBP/MYR

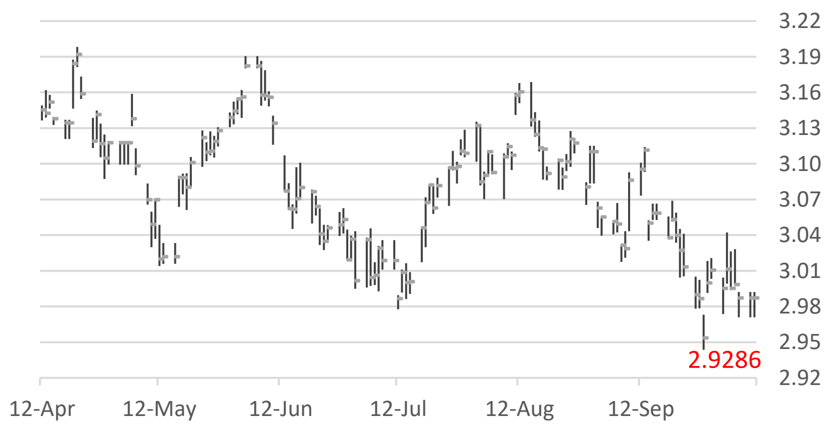


GBP/MYR Bearish

GBP/MYR opened sharply lower for another day, by 1.03% at 5.1515 following the retreat in the sterling after BOE's emergency moves to support market functioning. While we expect losses to narrow, daily outlook remains bearish given the sharply lower opening and firmer trading in the sterling. Policy uncertainties and a less hawkish BOE would keep a lid on sterling performance, hence limiting downside in GBP/ MYR.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.0200	5.1046	5.1586	5.2000	5.2380

AUD/MYR



AUD/MYR Slightly Bearish

AUD/MYR plunged 2.01% to 2.9271 at this morning's opening, as overall risk-off market sentiments and much weaker Caixin services print dented the Aussie. AUD/ MYR is bearish today on the back of a soft Aussie below the 0.65 key handle, likely overshadowing MYR weakness. Over the more medium term, AUD may continue to remain under pressure in the wake of RBA's policy pivot and China's softer growth prospects.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.8900	2.9030	2.9286	2.9485	2.9649

Source: Bloomberg, HLBB Global Markets Research

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