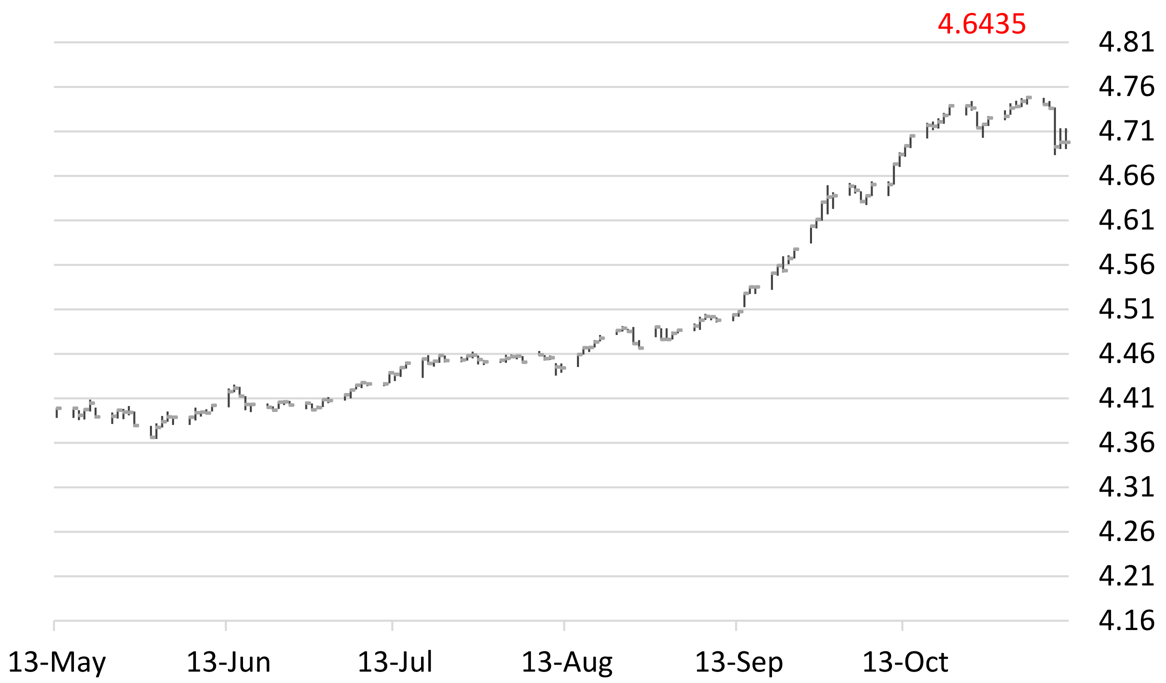
11 November 2022

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – USD/MYR Bearish

USD/MYR rebounded to open slightly above the 4.70 handle, edging up by 0.1% at 4.7025 but has since plunged to 4.6435 as at the point of writing. DXY slid 2.1% d/d overnight below 109 and weakened against G10 currencies as investors stayed away from the safe-haven greenback towards riskier assets. As such, the outlook today is bearish amidst a sharp drop in the pair this morning, a weaker greenback overnight as well as ahead of the release of Malaysia's 3Q GDP today.

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	4.6000	4.6200	4.6435	4.6800	4.700

MYR Crosses

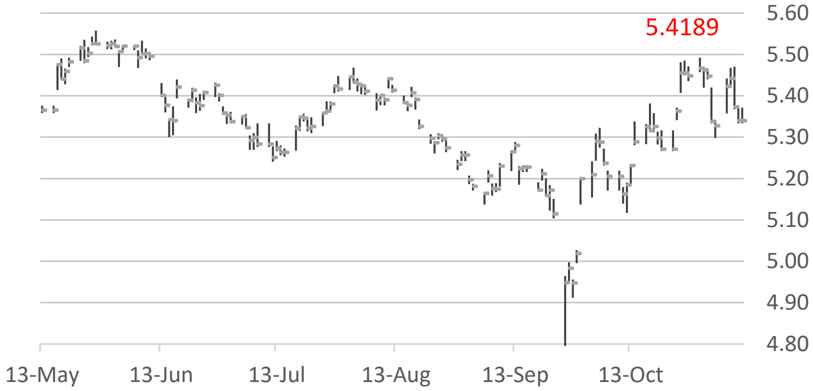
SGD/MYR

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.3163	3.3345	3.3587	3.3651	3.3847

SGD/MYR Neutral to Slightly Bullish

SGD/MYR opened 1.4% higher at 3.3948 but has since retreated sharply to 3.3587 at the point of writing. Daily outlook is neutral to slightly bullish on the back of higher opening. The key risk for this pair today would be the release of Malaysia's 3Q GDP.

GBP/MYR



GBP/MYR Bullish

GBP/MYR surged 2.9% higher at 5.4945 but has since retreated to 5.4189 at the point of writing. We are bullish on this pair on account of the sharply higher opening as well as strong sterling vis-à-vis USD overnight. Nevertheless, gains could be capped by a better-than expected Malaysia 3Q GDP due to be released today as well as investors on the sideline ahead to British finance minister Jeremy Hunt's planned fiscal statement on Nov 17 in the medium term.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.2900	5.3800	5.4189	5.4500	5.4800

AUD/MYR

AUD/MYR Neutral to Slightly Bullish

AUD/MYR opened 3.15% higher at 3.1035 but has also since retreated to 3.0643 at the point of writing. Daily outlook is neutral to slightly bullish because of the higher opening but this will be capped by a weaker Aussies vis-à-vis most major and regional currencies overnight as well ahead of release of Malaysia's 3Q GDP today.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9800	3.0013	3.0643	3.1000	3.1300

Source: Bloomberg, HLBB Global Markets Research

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