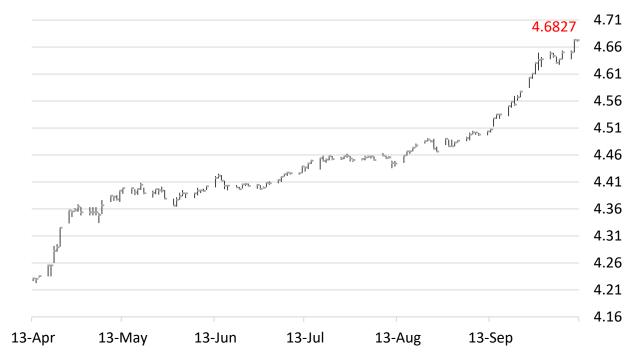


12 October 2022

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts - MYR Bearish

USD/MYR opened marginally lower by 0.07% at 4.6700 this morning and continued to march higher, trading at 4.6827 at time of writing. While the pair is due for some consolidation after breaking up two big figures yesterday, sustained USD bulls coupled with lingering domestic political uncertainties in the wake of the upcoming general election, are expected to suppress the MYR. We expect USD/ MYR to test 4.69 next, a break of which would likely lead the pair towards 4.70. Support appears to lie at 4.65 for now.

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	4.6827	4.6900	4.7000



MYR Crosses

SGD/MYR



SGD/MYR Neutral to Slightly Bullish

SGD/MYR opened 0.08% slightly higher at 3.2484 and is expected to trade sideways today in anticipation of some consolidation in the both the MYR and SGD ahead of FOMC minutes. That pair would likely see a slightly bullish tilt nonetheless, amid expectations of further policy tightening by MAS this Friday, hence keeping SGD/ MYR above 3.20. 3.25 remains a key resistance for now.

То	S2	S1	Indicative	R1	R2
SGD/MYR	3.2178	3.2276	3.2491	3.2500	3.2634

GBP/MYR



GBP/MYR Bearish

GBP/MYR continued to see sharply lower opening for a 3rd straight day, down 0.76% to 5.1235 at this morning's opening. Daily outlook remains bearish on prospect of a weak sterling stoke by continuous BOE measures, the latest being BOE Governor's comment on ending bond buying by this week that has pushed the sterling below 1.10 levels. The sterling will remain under pressure, taking the hit from policy uncertainties and weakening growth prospects in the UK.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.0200	5.1046	5.1179	5.2000	5.2380

AUD/MYR



AUD/MYR Slightly Bearish

AUD/MYR opened little changed (-0.03%) at 2.9276 and was seen trading sideways. Outlook of a weak Aussie dampened by overall market risk aversion and less hawkish RBA provides leeway for downside in AUD/MYR. The pair is heading towards the 2.90 handle and a break of this could instil greater bears in AUD/MYR.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.8800	2.9000	2.9230	2.9485	2.9649

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: <u>HLMarkets@hlbb.hongleong.com.my</u>

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