13 October 2022

Global Markets Research

Daily Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Bearish

USD/MYR opened 0.03% lower at 4.6825 this morning but has since edged up to 4.6875 at time of writing. Despite being in an overbought position, the pair remains bullish on the back of sustained USD strength. Ongoing domestic political uncertainties in the wake of the upcoming general election is also exerting downward pressure on the MYR. We expect USD/ MYR to test 4.69 next, a break of which would lead the pair towards 4.70. Support rests 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	4.6875	4.6900	4.7000

MYR Crosses

SGD/MYR

SGD/MYR Bullish

SGD/MYR opened 0.10% higher at 3.2641 and traded higher to 3.2674 at time of writing. Daily outlook is bullish amid a softer MYR outlook while USD/ SGD is seen trading firm in the 1.43 levels. Expectations for policy tightening by MAS tomorrow further reinforced bullishness in SGD/ MYR. Yesterday's break of 3.25 key handle has now opened up further moves towards 3.28-3.30.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.2200	3.2354	3.2674	3.2800	3.3000

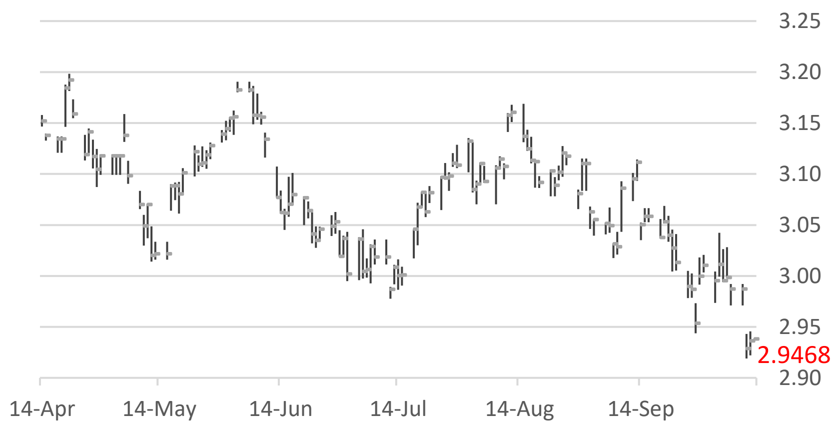
GBP/MYR

GBP/MYR Bullish

GBP/MYR opened higher (+0.23%) for the first time in four days, at 5.1960 and continued to gyrate higher tracking overnight rebound in the sterling on headlines suggesting an extension in BOE's bond buying, in addition to extended MYR weakness. Despite the rebound, we expect the sterling to remain under pressure, taking the hit from policy uncertainties and weakening growth prospects in the UK.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.1180	5.1737	5.2064	5.2307	5.2738

AUD/MYR



AUD/MYR Neutral-to-Slightly Bullish

AUD/MYR opened 0.06% higher at 2.9380 and traded higher to 2.9468 at time of writing. Aussie is seen trading sideways in the 0.62 handle while USD/ MYR continues to exhibit bullishness, hence a slightly bullish AUD/ MYR in our view. 2.98 appears to be a key resistance with support at 2.90 for now.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9000	2.9270	2.9468	2.9581	2.9739

Source: Bloomberg, HLBB Global Markets Research

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