

17 October 2022

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Bearish

USD/MYR opened 0.06% lower at 4.7020 this morning and was seen holding above the 4.70 handle at time of writing. Unrelentless USD strength, coupled with market risk-off stirred by heightened Fed rate hike bets following renewed spike in US inflation expectations, China's firm stand on zero-Covid policy and tech battle against the US, in addition to its warning on "dangerous storms" ahead, would all work against the MYR, hence our bearish MYR view. Back-to-back breaks of key resistance levels reinforce the bulls in USD/MYR, with 4.72-4.75 within reach soon in our view.

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	4.7115	4.7200	4.7500

MYR Crosses

SGD/MYR

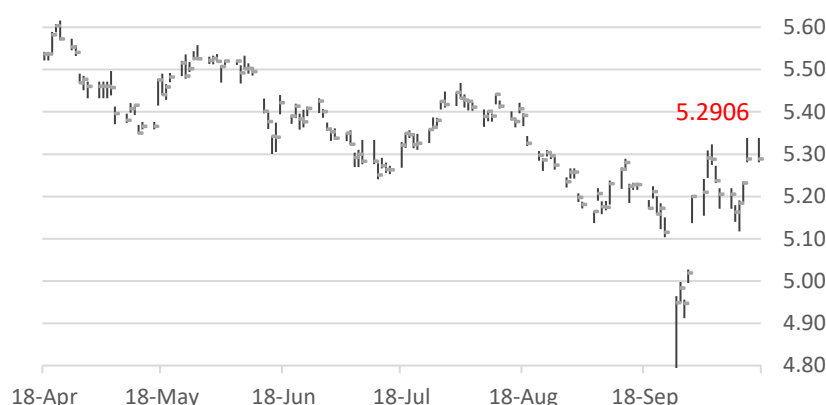


SGD/MYR Bullish

SGD/MYR opened 0.07% lower at 3.3003 and traded slightly higher to 3.3031 at time of writing. Daily outlook is bullish amid a softer MYR outlook vis-à-vis a firm USD/SGD, hanging on to the 1.42 handle. Divergence between the SGD and MYR outlook could potentially push the pair towards 3.32-3.35 next.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.2688	3.2788	3.3031	3.3200	3.3500

GBP/MYR



GBP/MYR Bullish

GBP/MYR opened 0.09% lower at 5.2836 and was seen inching higher amid a rebound in the sterling and extended weakness in the MYR. While the sterling looks set to recoup some lost ground following the policy U-turn in Prime Minister Liz Truss's tax plan, we expect the sterling to remain under pressure over the medium term, taking the hit from policy uncertainties and weakening growth prospects in the UK.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.2195	5.2695	5.2906	5.3600	5.4091

AUD/MYR



AUD/MYR Slightly Bullish

AUD/MYR opened 1.10% sharply lower at 2.9253 but has pared some losses to 2.9332 at time of writing, on the back of slight bullishness in the Aussie and continued weakness in the MYR. The Aussie appears to be holding up relatively well despite the "not-so-positive" headlines out of China's Party Congress at this juncture, although it is currently trading below the 0.63 levels again.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9000	2.9200	2.9332	2.9897	3.0000

Source: Bloomberg, HLBB Global Markets Research

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