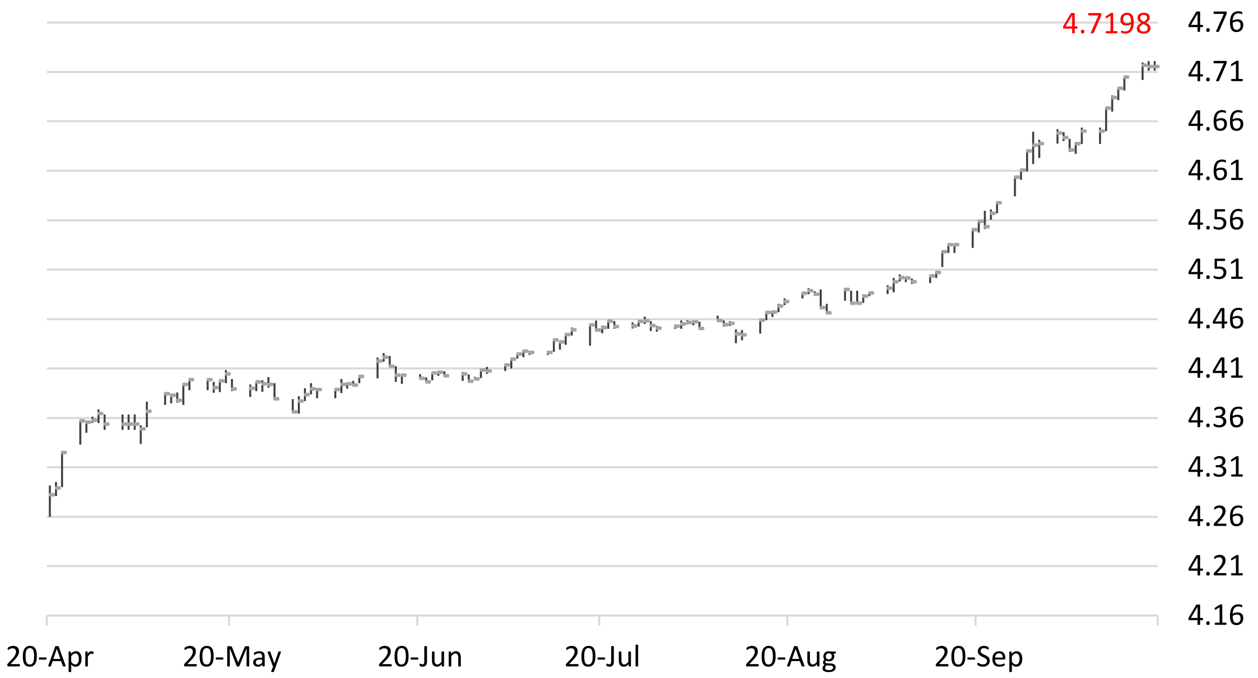
19 October 2022

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Bearish

USD/MYR opened 0.05% lower at 4.7130, but climbed up again, last printed 4.7198 at time of writing. Overall outlook of the pair remains bullish given the overpowering USD strength and as the MYR remains under pressure in lieu of uncertainties surrounding the upcoming GE15. Multiple and consecutive breaks of key levels reinforced bullishness in the pair, with 4.75 within reach soon should the pair close above 4.72-4.73 today.

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%. Recent Fed speaks further highlighted that it would remain appropriate for rates to reach as higher as 5.0%. 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	4.7198	4.7200	4.7500

MYR Crosses

SGD/MYR

SGD/MYR Bullish

SGD/MYR opened 0.10% higher at 3.3208 and continued to inch up, trading at 3.3250 at time of writing on the back of a firming SGD and continued MYR weakness. SGD is slightly bullish, trading below the 1.42 levels vs the USD and is expected to head towards 1.40 if it closes below 1.42. SGD/ MYR has broken the 3.32 resistance, paving the way towards 3.35.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.2688	3.2788	3.3250	3.3200	3.3500

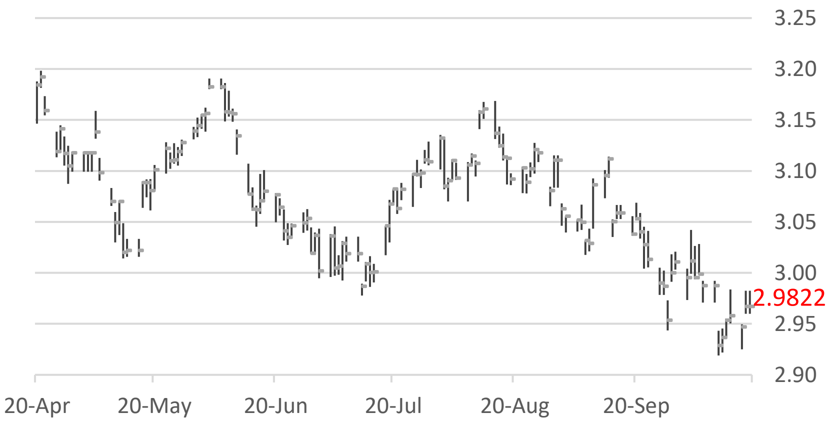
GBP/MYR

GBP/MYR Bullish

GBP/MYR opened 0.59% higher at 5.3474 and continued to gyrate higher to 5.3560 at time of writing following the overnight retreat in the sterling and lingering MYR weakness. We may see narrower gains through the day especially if the sterling comes under more pressure on potentially negative newsflows on the UK front. Prevailing policy uncertainties with rising odds of a leadership change is expected to dampen sterling outlook, hence limiting the upside in GBP/ MYR.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.2330	5.2848	5.3560	5.4000	5.4454

AUD/MYR



AUD/MYR Slightly Bullish

AUD/MYR opened 0.38% higher at 2.9780 and was seen inching up, last traded at 2.9822 at time of writing. Daily outlook is slightly bullish on the back of a weaker MYR as the Aussie was seen holding steady around the 0.63 levels. RBA guidance for more, albeit smaller rate hikes even going into next year, is expected to keep the Aussie supported.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9250	2.9500	2.9822	2.9925	3.0000

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: HLMarkets@hlbb.hongleong.com.my