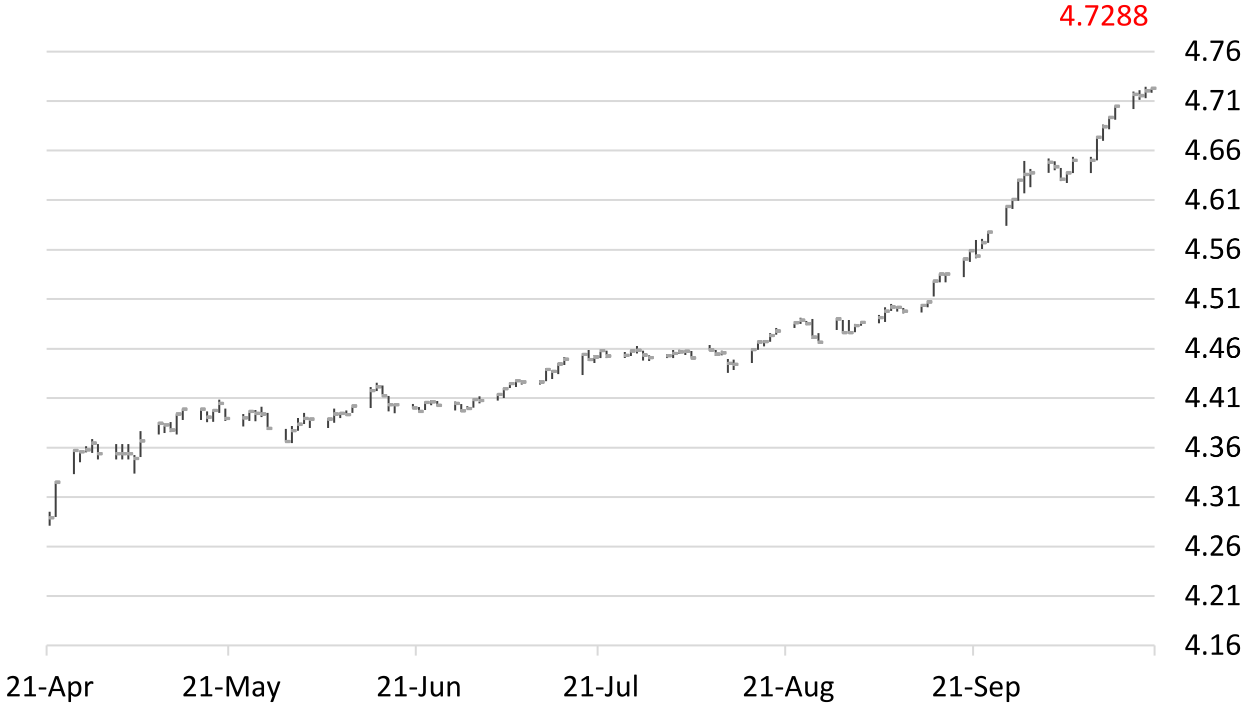
20 October 2022

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Bearish

USD/MYR opened 0.04% lower at 4.7185, but was quick to reverse losses, swiftly making headways and hitting a high of 4.7288 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 after yesterday's close above 4.72 as expected.

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	4.6520	4.7000	4.7288	4.7300	4.7500

MYR Crosses

SGD/MYR

SGD/MYR Slightly Bearish

SGD/MYR opened 0.26% lower at 3.3102. The pair traded higher but was seen losing strength soon after, trading relatively flat at 3.3119 at time of writing. We expect the pair to trade on a Slightly Bearish mode today following the lower opening and renewed weakness in the SGD. The pair may see advances momentarily capped at 3.32 should USD/ SGD close above 1.43 again.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.2969	3.3082	3.3119	3.3200	3.3500

GBP/MYR

GBP/MYR Bearish

GBP/MYR opened 0.65% lower at 5.2913 and rangtraded in the 5.29-5.30 levels, as overnight losses in the sterling was seen extended into Asian trading this morning, likely leading to a bearish GBP/ MYR today. Absence of GBP-positive catalysts and expectations for continuous MYR bear, at least until the dust surrounding political uncertainties settles, are expected to limit downside in GBP/ MYR, hence keeping the pair within a range of 5.20-5.40 for now.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.2449	5.2727	5.2916	5.3231	5.3578

AUD/MYR

AUD/MYR Neutral to Slightly Bearish

AUD/MYR opened 0.80% lower at 2.9577 and continued to lose ground, trading at 2.9487 at time of writing. Daily outlook is neutral with a slight bearish tilt on the back of lower opening and weaknesses in both the Aussie and MYR. This morning's weak job prints further supported the RBA's pivot to more gradual rate hike ahead, pushing the Aussie back below the 0.63 handle.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9266	2.9378	2.9487	2.9723	3.0000

Source: Bloomberg, HLBB Global Markets Research

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