

22 September 2022

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Bearish

USD/MYR opened 0.21% higher at 4.5630 and inched higher, trading at 4.5693 at time of writing, with movement appeared well-capped below the 4.57 levels. The pair is bullish today as the rally in the greenback is expected to extend into today’s trading. Expectations for sustained aggressiveness in the Fed rate hike path, and hence the widening interest rate differential are expected to instil bullishness in the pair.

1-Month Outlook – MYR Neutral-to-Slightly Bearish

We are turning slightly bearish on MYR 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 bullish, 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	4.5345	4.5500	4.5693	4.5800	4.6000

MYR Crosses

SGD/MYR



SGD/MYR Neutral

SGD/MYR opened 0.39% lower at 3.2094, and has since edged higher and is seen ranging above 3.2150. Daily outlook is neutral in our view in anticipation of weaknesses in the MYR and SGD tracking sustained gains in the USD. Over the medium term, the pair remains susceptible to slight upside risk as the SGD has demonstrated reasonably good resiliency, supported by expectations of MAS' policy tightening in October.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.1975	3.2045	3.2162	3.2268	3.2347

GBP/MYR

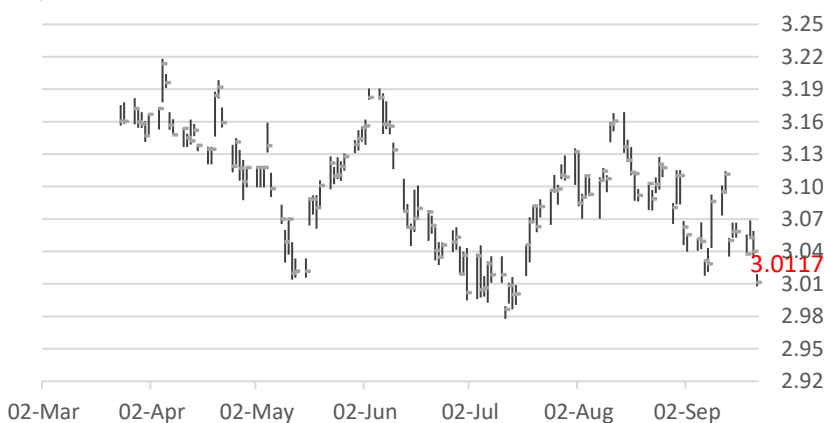


GBP/MYR Bearish

GBP/MYR opened 0.63% lower at 5.1257 and was seen inching higher. Daily outlook is bearish on increased bearishness in the sterling which weakened further to 1.1231 at time of writing. BOE meeting today will unlikely change the fate of the GBP unless the BOE turned significantly more hawkish, which is unlikely in our view given the weaker UK growth outlook.

To	S2	S1	Indicative	R1	R2
GBP/MYR	5.1000	5.1214	5.1327	5.1600	5.1877

AUD/MYR



AUD/MYR Bearish

AUD/MYR opened 0.95% lower at 3.0110 and hovered around this level at time of writing. Daily outlook is bearish on the back of weaknesses in the AUD while MYR appeared to be relatively more resilient. AUD/ USD continued to trade around 0.66s after the break below 0.67. A less hawkish RBA saying interest rates are getting closer to "normal settings" vis-à-vis a hawkish Fed, is expected to curb upside in the Aussie over the medium term.

To	S2	S1	Indicative	R1	R2
AUD/MYR	2.9900	3.0317	3.0117	3.0281	3.0374

Source: Bloomberg, HLBB Global Markets Research

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