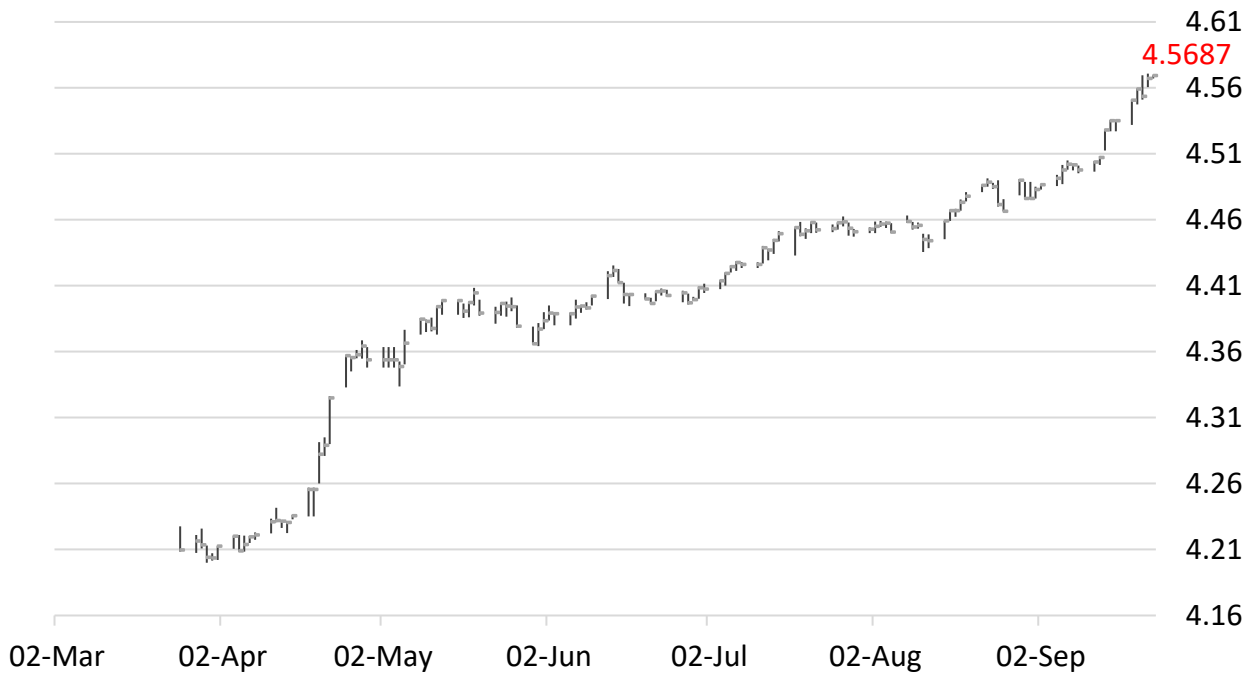


23 September 2022

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral-to-Slightly Bearish

USD/MYR opened flat at 4.5670 and continued to hover at this level. The 4.57 levels appear to remain a strong resistance for now, but a break above this will likely pave the way towards 4.58 and 4.60 eventually. We expect more sideways trading with a slight bullish bias in the pair today on the back of a rangy DXY and potential selloffs ahead of the weekend. 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	4.5687	4.5800	4.6000

MYR Crosses

SGD/MYR



SGD/MYR Neutral

SGD/MYR opened unchanged at 3.2211, and was seen trading around this level at time of writing. Daily outlook is neutral as both SGD and MYR are expected to trade on a more neutral note today after recent moves. 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	3.2203	3.2268	3.2347

GBP/MYR



GBP/MYR Bearish

GBP/MYR opened 0.55% lower at 5.1435 and was seen slipping lower at time of writing. Daily outlook is bearish on increased bearishness in the sterling after BOE maintained the pace of a 50bps rate hike. Growing policy divergence between the Fed the BOE is expected to continue undermine the sterling, hence paving the way for GBP/ MYR to test 5.10.

To	S2	S1	Indicative	R1	R2
GBP/MYR	5.1000	5.1214	5.1417	5.1600	5.1877

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.22% higher at 3.0341 and climbed further up to the 3.04 handle but has since pulled back to 3.03 levels at time of writing. Daily outlook is neutral as we expect the Aussie to hang on to the 0.66 levels vs the greenback whilst USD/ MYR looks set to trade around the 4.56 levels. A less hawkish RBA implying slower policy move ahead vis-à-vis a still hawkish Fed, is expected to curb upside in the Aussie over the medium term.

To	S2	S1	Indicative	R1	R2
AUD/MYR	3.0100	3.0266	3.0316	3.0491	3.0614

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**DISCLAIMER**

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