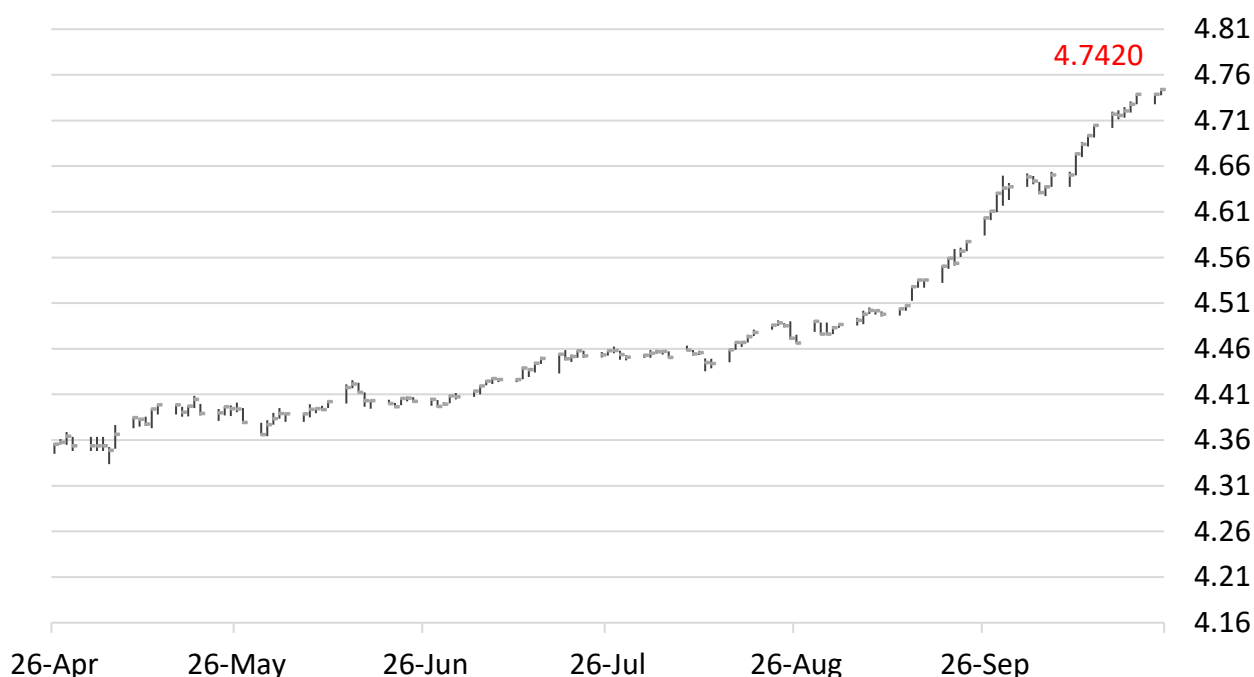


25 October 2022

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Bearish

USD/MYR opened unchanged at 4.7387, and was seen forging ahead, breaking another big figure to 4.7420 at time of writing. Overall outlook of the pair remains bullish given prevailing USD strength and event risk surrounding the MYR as the nation is slated to enter the poll on 19-November. There are no signs the pair is reversing its uptrend anytime soon despite the hugely overbought condition, with 4.75 within reach soon.

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 high 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	4.7420	4.7450	4.7500

MYR Crosses

SGD/MYR



SGD/MYR Slightly Bullish

SGD/MYR opened 0.56% higher at 3.3338, and has been trading in a volatile manner since, but within 3.3309-3.3386 nonetheless. The pair is expected to pare some gains going into late Asian trading amid a relatively resilient USD/ SGD, currently hovering around the 1.42 handles. The pair is poised to breach 3.34-3.35 soon as we expect divergence in the MYR and SGD to spur further advances in SGD/ MYR.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.3020	3.3161	3.3357	3.3395	3.3500

GBP/MYR



GBP/MYR Bullish

GBP/MYR opened 1.63% higher at 5.3564 and was seen trading choppy since. Daily outlook is bullish on the back of a much higher opening and relief rally in the sterling as Rishi Sunak emerged as the next UK Prime Minister, somewhat eliminated some uncertainties. That said, the UK beleaguered growth outlook as well as political uncertainties will continue to curb GBP bulls, potentially keeping the pair rangy within 5.20-5.40 for now.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.2673	5.3173	5.3670	5.3935	5.4177

AUD/MYR



AUD/MYR Bullish

AUD/MYR opened 1.15% higher at 2.9970 despite a weaker Aussie stoke by weaknesses in both Australian manufacturing and services indices as well as cooling China data for September which neutralized the rebound in 3Q GDP growth. Daily outlook is bullish following the sharply higher opening, although gains may narrow as the Aussie finds support at the 0.63 levels given the mixed trading in Asian markets.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9438	2.9580	2.9995	3.0138	3.0255

Source: Bloomberg, HLBB Global Markets Research

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