

27 September 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 4.6010 but has since edged higher, mirroring recent days trading pattern. The pair was seen trading at 4.6070 at time of writing. The pair remains bullish following consecutive breaks of key resistance levels, the latest being 4.60, and is expected to head towards 4.65 next given unperturbed USD strength, which will more likely than not, amplified by upcoming Fed speaks in the week ahead. USD/MYR will unlikely defy broad market direction even though overbought position is building up rapidly.

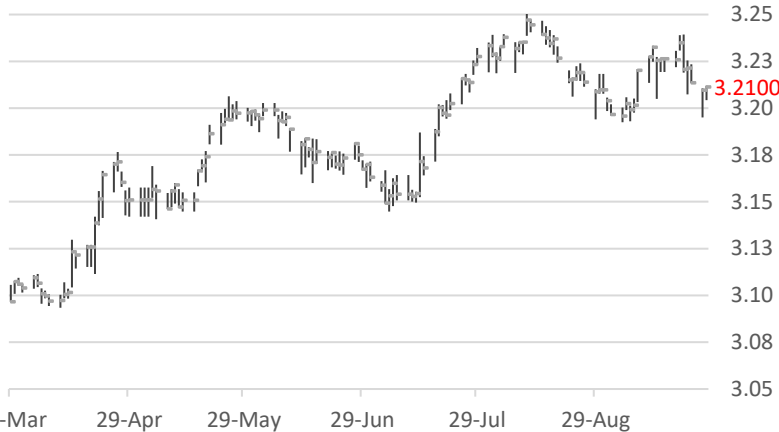
1-Month Outlook – MYR Neutral-to-Bearish

We are turning 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	4.5520	4.5680	4.6070	4.6200	4.6500

MYR Crosses

SGD/MYR



SGD/MYR Neutral

SGD/MYR opened 0.13% lower at 3.2050, and was seen inching up to 3.2100 at time of writing amid further weakness in the MYR vis-à-vis a minor gain in the SGD. The pair looks to be well-supported at the 3.20 handle but 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	3.1869	3.1924	3.2100	3.2137	3.2200

GBP/MYR



GBP/MYR Neutral to Slightly Bullish

GBP/MYR was quick to regain footing from a low of 4.76s yesterday to a 4.9481 close yesterday. The pair opened 0.17% higher at 4.9566 and was seen hovering at this level since. Daily outlook is neutral as the sterling appears to be consolidating from recent sharp losses although it remains bearish overall. The stern bearishness in the sterling heading towards parity with the greenback suggests potential downside for GBP/MYR, with 4.80 levels as the next target over the more medium term.

	S2	S1	Indicative	R1	R2
GBP/MYR	4.7630	4.8000	4.9579	5.0000	5.1100

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.34% lower at 2.9794 and pared losses to 2.9875 at time of writing given renewed strength in the Aussie heading back to the upper end of the 0.64 levels. We continue to see 2.98 as a key support for now, a break of which would lead the pair towards 2.95.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9500	2.9775	2.9875	3.0000	3.0137

Source: Bloomberg, HLBB Global Markets Research

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