

28 October 2022

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – USD biased to slightly Bullish levels again

USD/MYR opened marginally lower at 4.7160, but traded higher to 4.7190 at time of writing. Yesterday's steadier levels saw the pair recover marginally from the sharp drop to 4.71. MACD remains in negative territory whilst the RSI is deemed neutral for now. The slightly oversold situation may see yet a rebound in the greenback to 4.73 levels as USD/ MYR outlook remains bullish overall unless it closes below 4.63-4.65.

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 quite bid dish, suppressing emerging currencies as the yield gap with the US is prominent. However, we caution against an earlier than expected Fed policy pivot which could dampen USD outlook.

	S2	S1	Indicative	R1	R2
USD/MYR	4.6983	4.7067	4.7190	4.7233	4.7317

MYR Crosses

SGD/MYR

SGD/MYR renew climb

SGD/MYR opened almost flat at 3.3460, but strengthened substantially to 3.3532 at time of writing. The pair is expected to trade within a range 3.3428-3.3555 today with expected strength in the SGD based on positive buy signals in both RSI and MACD. Renewed upward movement seen for SGDMYR as some uncertainties over the upcoming GE15 may dampen MYR recovery for now.



To	S2	S1	Indicative	R1	R2
SGD/MYR	3.3450	3.3474	3.3532	3.3564	3.3588

GBP/MYR

GBP/MYR still bullish

GBP/MYR too opened literally flat at 5.4550 following strong rally during recent previous sessions. The sterling clocked solid gains following relief rally over stability in the political leadership and expectations over meaningful upcoming economic policies. Most technical indicators still showing a BUY except for stochastics. The pair may test the 5.50 levels soon and a breach above this will lead the pair towards 5.55 next.



	S2	S1	Indicative	R1	R2
GBP/MYR	5.4181	5.4342	5.4654	5.4770	5.5041

AUD/MYR

AUD/MYR Slightly Bullish

AUD/MYR opened 0.11% lower at 3.0426. However most technical indicators showing strength in favour of the Aussie, with all Moving Averages in positive territory save for MA200. Daily AUD/ MYR outlook is bullish following the muted opening today and but the Aussie may yet spring a surprise and reflect the stronger numbers in the Producer Price indices for 3Q2022.



	S2	S1	Indicative	R1	R2
AUD/MYR	3.0030	3.0212	3.0550	3.0656	3.0920

Source: Bloomberg, HLBB Global Markets Research

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