

29 September 2022

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Bearish

USD/MYR opened unchanged at 4.6300 and jumped another big figure to 4.6458 at time of writing taking the hit from a rapid rebound in the greenback from overnight losses. The pair remains bullish following consecutive breaks of key resistance levels, and is expected to head towards 4.65 next given unperturbed USD strength, which will more likely than not, amplified by upcoming Fed speaks reinforcing a hawkish Fed policy path. USD/ MYR will unlikely defy broad market direction despite increasingly overbought condition.

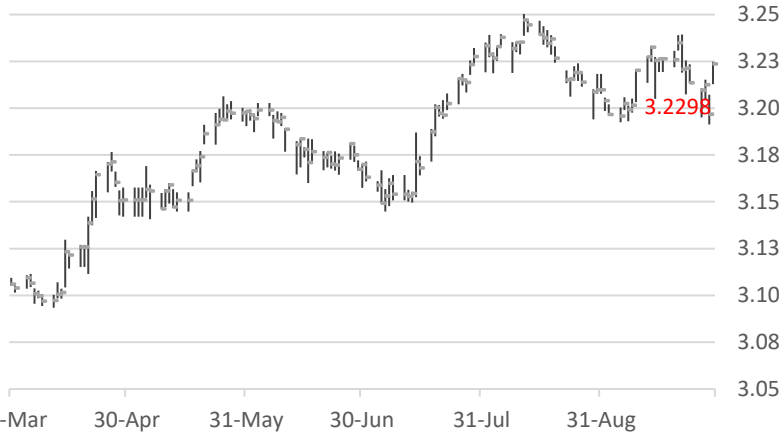
1-Month Outlook – MYR Neutral-to-Bearish

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	4.6000	4.6110	4.6458	4.6500	4.7000

MYR Crosses

SGD/MYR

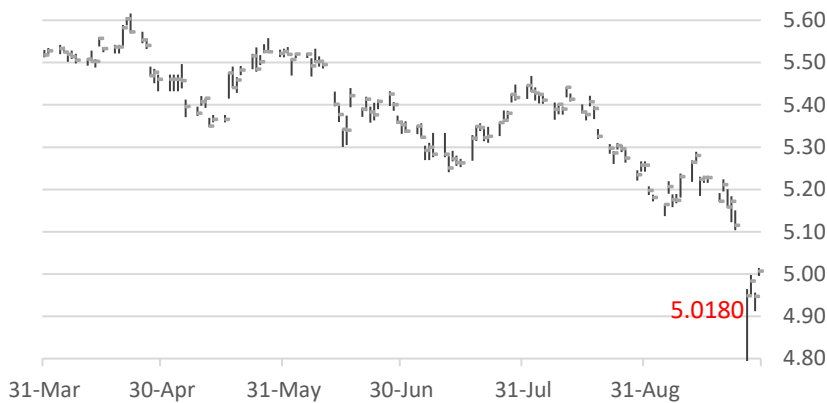


SGD/MYR Bullish

SGD/MYR opened sharply higher by 0.81% at 3.2226 and continued to push higher, approaching the 3.23 handle. Markets appeared unconvinced by the relief rally overnight, and the USD regained some lost grounds, exerting more pressure on the MYR vs SGD., hence the bullish outlook in SGD/ MYR today. A break of 3.23 will lead the pair towards 3.25. Support lies at 3.20.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.2050	3.2130	3.2298	3.2349	3.2500

GBP/MYR



GBP/MYR Bullish

GBP/MYR opened 1.29% higher at 5.0108, back above the 5.00 handle for the first time in four days. Daily outlook is bullish driven by a weaker MYR further reinforced by renewed decline in the sterling, which is currently trading slightly below 1.08s, from the 1.0916 high yesterday. While the sterling may consolidate from recent selloffs especially after BOE's intervention, overall GBP outlook remains bearish, implying rooms for downside in GBP/ MYR.

To	S2	S1	Indicative	R1	R2
GBP/MYR	4.9121	4.9555	5.0180	5.1119	5.1466

AUD/MYR



AUD/MYR Bullish

AUD/MYR surged 1.87% to 3.0085 at opening and appeared to be in a steadier course vs other crosses, hovering in the 3.00-3.02 levels this morning. Aussie failed to stay above 0.65 this morning but MYR weakness and the sharply higher opening point to a bullish outlook today. The rebound above 3.00 has temporarily alleviated the downside target at 2.95-2.93. Upside is capped at 3.03 for now.

To	S2	S1	Indicative	R1	R2
AUD/MYR	2.9786	2.9900	3.0100	3.0149	3.0300

Source: Bloomberg, HLBB Global Markets Research

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