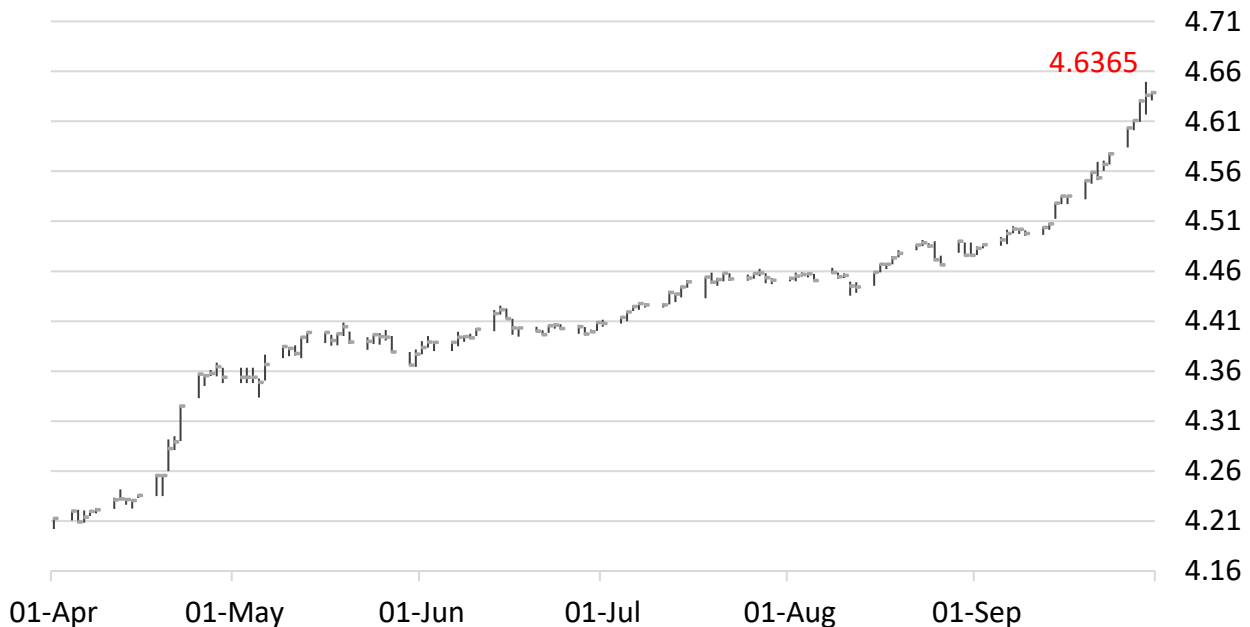


30 September 2022

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Bearish

USD/MYR opened 0.14% lower at 4.6340 and was seen nudging higher mirroring the USD movement this morning. Risk aversion made a return as the Fed officials reiterated a hawkish policy path, in addition to a fast dissipating relief rally post BOE’s bond buying plans. We expect a bullish outlook for USD/ MYR today as markets stay nervous over ongoing market rout and policy implications, not forgetting geopolitical tensions. We maintain our view that USD/ MYR will unlikely defy broad market direction, hence potentially heading towards 4.70 if 4.65 is broken.

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 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	4.6000	4.6110	4.6365	4.6500	4.7000

MYR Crosses

SGD/MYR



SGD/MYR Bullish

SGD/MYR opened 0.61% higher at 3.2419 but has since rangetraded slightly lower in the 3.2350 levels amid a relatively well supported MYR vis-à-vis the uptick in USD/SGD. Daily outlook for SGD/ MYR is bullish, reinforced by the higher opening. The pair will likely head towards 3.25 after breaking the 3.23 resistance. Support lies at 3.20.

To	S2	S1	Indicative	R1	R2
SGD/MYR	3.2127	3.2217	3.2333	3.2462	3.2523

GBP/MYR



GBP/MYR Bullish

GBP/MYR opened 3.17% higher at 5.1779 but is trading lower at 5.1536 at time of writing following the renewed weakness in the sterling as the BOE's bond-buying boost lost steam. Daily outlook is bullish driven by the markedly higher opening and prospects of a weaker MYR. Over the medium term, overall weakness in UK fundamentals and policy uncertainties point to downside in the sterling, hence GBP/ MYR.

To	S2	S1	Indicative	R1	R2
GBP/MYR	5.0180	5.1119	5.1536	5.2230	5.2500

AUD/MYR



AUD/MYR Bullish

AUD/MYR opened 0.59% higher at 3.0173 and has been hovering in the 3.01 handle since. Aussie came under pressure amid revival in risk aversion and weaknesses in commodity prices. This should limit upside in the pair to 3.03 for now. Supports lie at 3.00 and 2.98 respectively.

To	S2	S1	Indicative	R1	R2
AUD/MYR	2.9786	3.0000	3.0159	3.0328	3.0500

Source: Bloomberg, HLBB Global Markets Research

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