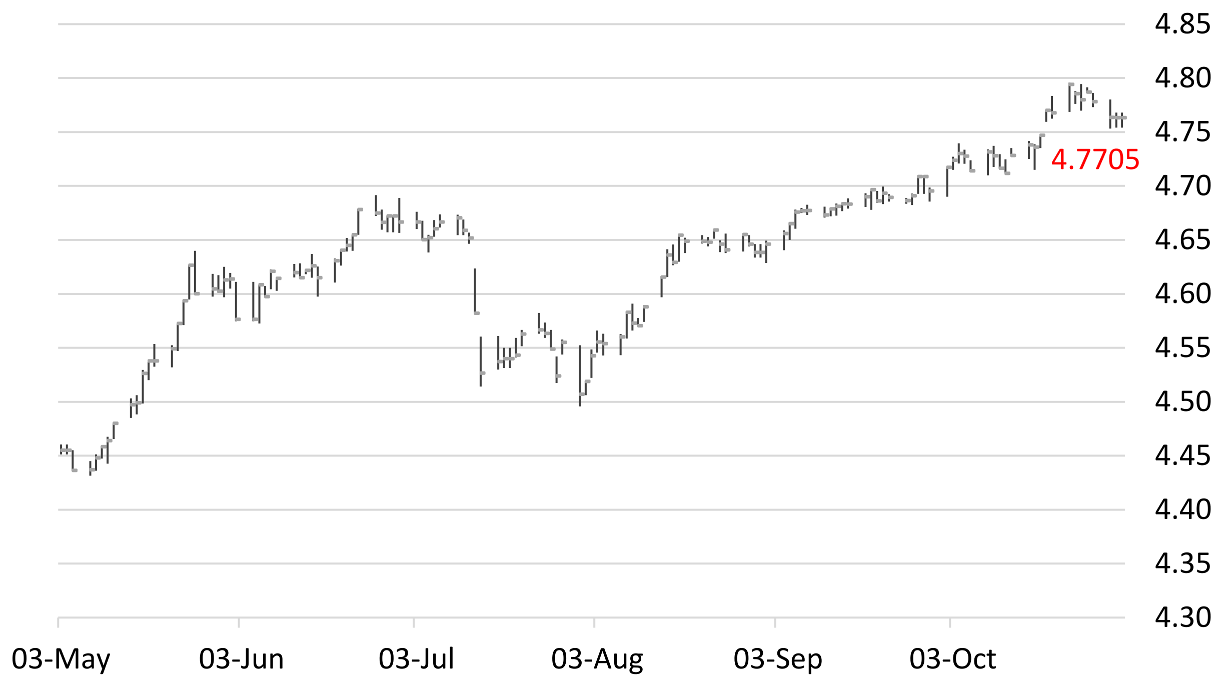
1 November 2023

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bullish

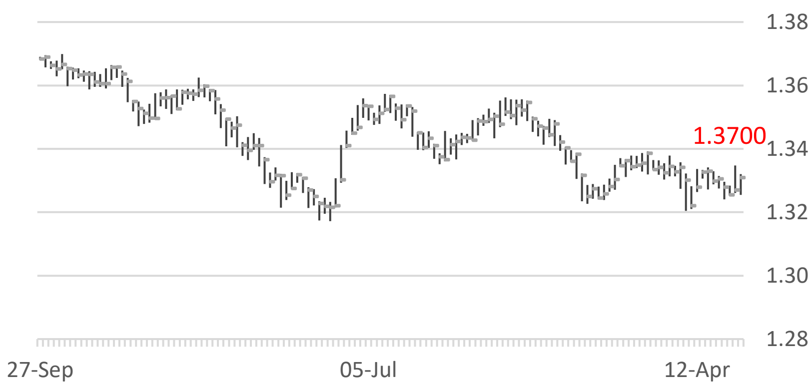
USD/MYR opened 0.07% higher at 4.7667, scaled to as high as 4.7775 before paring some of its gains to trade at 4.7705 at the point of writing. Daily outlook is neutral-to-slightly bullish on USD strength as investors brace for the Fed rate announcement tonight. Markets are expecting the FOMC to hold rates unchanged during the meeting, but the steady US economic data and still-firm Employment Cost Index growth overnight will likely keep inflation above Fed's target for a longer period of time, and increasing chances of one last rate hike for 2023 in December.

1-Month Outlook – USD/MYR Neutral-to-Slightly Bullish

The USD/MYR 1-month outlook is neutral-to-slightly bullish as the Fed dot plot points to one more 25bps Fed hike this year, while expectations for any rate cut are being pushed back to 2H2024. In fact, the latest Fed dot plot showed the median forecast for end-2023, 2024 and 2025 fed funds rate at 5.6%, 5.1% and 3.9% respectively (June: 5.6%, 4.6% and 3.4%). The 50bps upward revision for 2024 and 2025 was attributable to expectations for a more solid expansion in economic activities and continuous improvement in the labour market. On the domestic front, BNM dropped the "slightly accommodative" phrase in its latest MPC statement, highlighting that the prevailing OPR level is consistent with the current assessment of the inflation and growth outlook. This reaffirmed our view for an extended pause in the OPR at 3.00% for the rest of the year and will cap MYR strength.

	S2	S1	Indicative	R1	R2
USD/MYR	4.7477	4.7555	4.7705	4.7932	4.8081

USD/SGD



USD/SGD Neutral-to-Slightly Bullish

USD/SGD opened flat at 1.3697, traded within the 1.3685-1.3709 range before settling at 1.3700 at the point of writing. Daily outlook is neutral-to-slightly bullish given USD strength, eyeing R1 and R2 at 1.3722 and 1.3746 respectively.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3618	1.3658	1.3700	1.3722	1.3746

MYR Crosses

SGD/MYR

SGD/MYR Neutral-to-Slightly Bearish

SGD/MYR opened 0.34% lower at 3.4780 but quickly pared some of its losses to trade at 3.4821 at the point of writing. Daily outlook is neutral-to-slightly bearish given the lower opening, but this has been negated by MYR weakness. Losses is anticipated to be capped at S1 and S2 of 3.4793 and 3.4710 respectively. Prime Minister Anwar Ibrahim, meanwhile, dismissed calls to boost MYR via policy rates and said that the solution to the weaker MYR was to decouple from USD.

5	S2	S1	Indicative	R1	R2
SGD/MYR	3.4710	3.4793	3.4821	3.4928	3.4959

GBP/MYR

GBP/MYR Neutral-to-Slightly Bearish

GBP/MYR opened 0.34% lower at 5.7873 but rebounded to 5.7928 at the point of writing. Daily outlook is neutral-to-slightly bearish given the lower opening but it will be a tug of war between the two weak currencies. On the UK front, the economy is suffering from housing anguish as mortgage approvals data dropped recently, suggesting that Nationwide House Price Index today will not be positive as well.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.7673	5.7892	5.7928	5.8178	5.8285

AUD/MYR

AUD/MYR Slightly Bearish

AUD/MYR opened 0.50% lower at 3.0188 but pared some of its losses to trade at 3.0195 at the point of writing. Daily outlook is slightly bearish on AUD weakness as appetite for risk assets was subdued ahead of the FOMC meeting. Relatively strong AUD data, meanwhile, seems to be eclipsed by the weak China PMIs in the meantime, and this does not bode well for AUD.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9982	3.0143	3.0195	3.0402	3.0446

Source: Bloomberg, HLBB Global Markets Research

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