

2 October 2023

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bullish

USD/MYR opened 0.11% lower at 4.6900 but rebounded to 4.7002 at the point of writing. Daily outlook is neutral-to-slightly bullish on account of USD strength after the government averted a shutdown after passing a short-term funding bill to keep federal agencies running until 17th Nov. While threats of government shutdown pose risks to sentiment towards USD, we expect this to be limited given the interest rate gap between US and most of the world. Fed speaks are expected to add to volatility this week, with key indices to look out for include ISM/ PMI prints, and job reports namely ADP and nonfarm payroll.

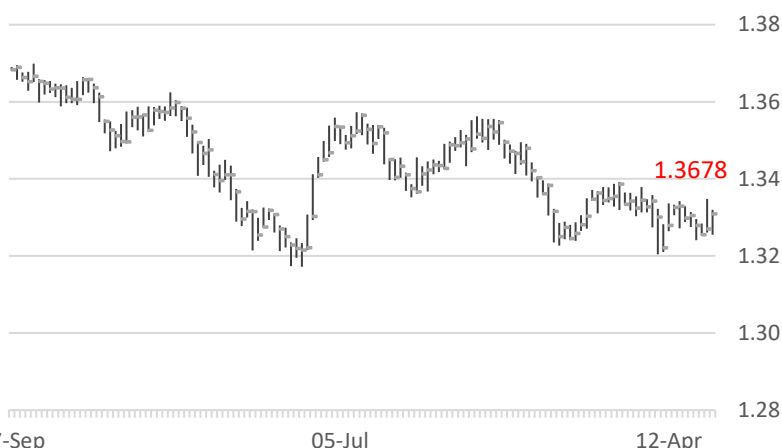
1-Month Outlook – USD/MYR Neutral

The USD/MYR 1-month outlook is neutral despite 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	4.6801	4.6877	4.7002	4.7007	4.7061

USD/SGD

USD/SGD Neutral-to-Slightly Bullish



USD/SGD opened 0.03% higher at 1.3666 and strengthened to 1.3678 at the point of writing. Daily outlook is neutral-to-slightly bullish not only on USD strength but also weaker regional currencies against the G10s. Singapore PMI and retail sales are on the deck this week but the pair will largely be USD driven.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3582	1.3622	1.3678	1.3714	1.3780

MYR Crosses

SGD/MYR

SGD/MYR Neutral-to-Slightly Bearish



SGD/MYR opened 0.38% lower at 3.4349 but pared some of its losses to trade at 3.4360 at the point of writing. Daily outlook is neutral-to-slightly bearish given the lower opening, capped at R1 and R2 at 3.4595 and 3.4765 respectively. For this pair, we will largely be eyeing the Singapore's MAS monetary policy next week.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.4085	3.4255	3.4360	3.4595	3.4765

GBP/MYR

GBP/MYR Slightly Bearish



GBP/MYR opened 0.56% lower at 5.7252 and pared some of its losses to trade at 5.7296 at the point of writing. Daily outlook is slightly bearish on account of the lower opening and GBP/USD sinking below the 1.2200 level at the point of writing. As it is, economic data on Friday continues to point to a weak housing market after mortgage approvals fell to its 6-month low.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.6776	5.7119	5.7296	5.7690	5.7805

AUD/MYR



AUD/MYR Bearish

AUD/MYR opened 0.84% lower at 3.0230 and slid further to 3.0223 at the point of writing. Daily outlook is bearish on account of the lower opening, with losses capped at 3.0037 (S1) and 2.9697 (S2). AUD has been trading sideways against USD in early Asian trade but strengthened against most G10 after upbeat Chinese PMI data.

A	S2	S1	Indicative	R1	R2
AUD/MYR	2.9697	3.0037	3.0223	3.0602	3.0717

Source: Bloomberg, HLBB Global Markets Research

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