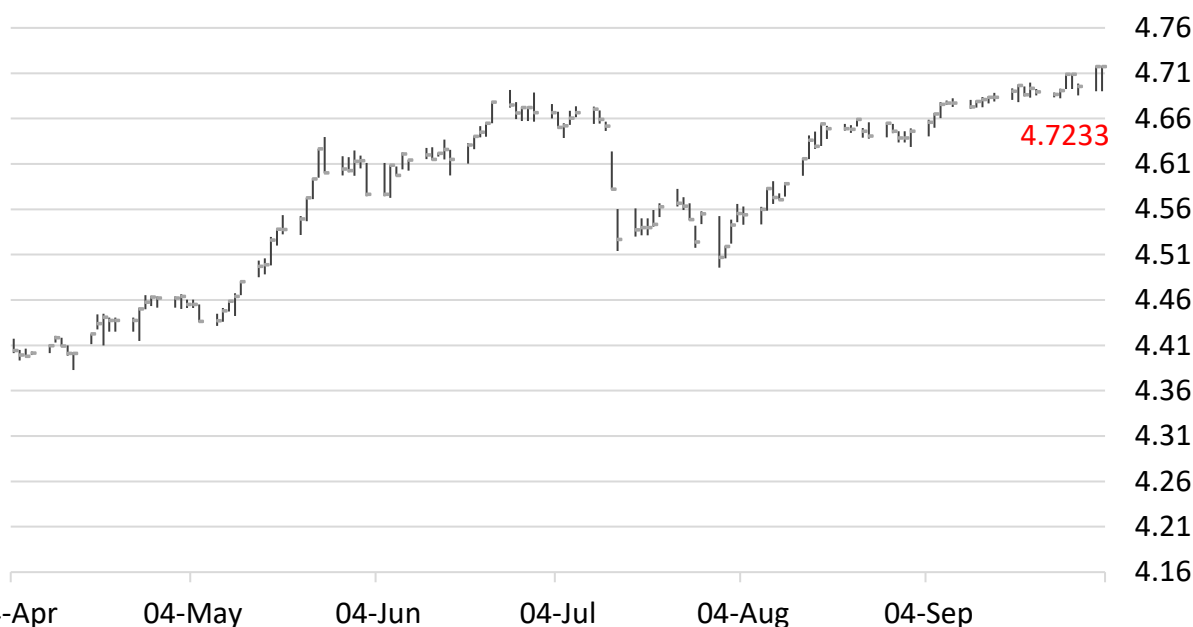


3 October 2023

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bullish

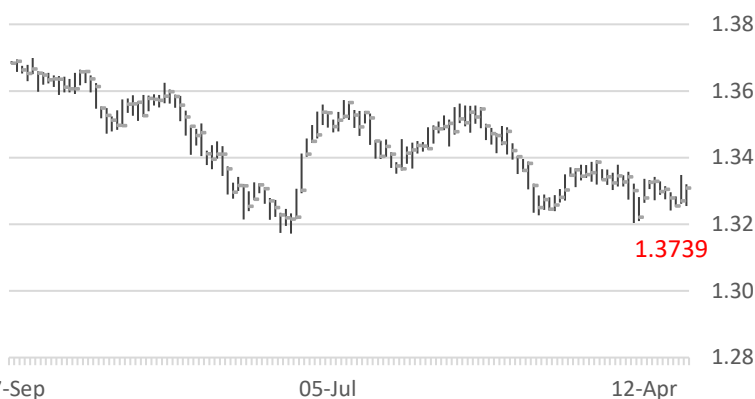
USD/MYR opened 0.05% lower at 4.7150 but rebounded to 4.7233 at the point of writing. Daily outlook is neutral-to-slightly bullish on USD strength while MYR will be dragged lower by the retreat in oil prices back to \$90/barrel. As it is, the DXY scaled to 107.05 at the point of writing supported by improved sentiment after government avoided a shutdown, 10Y UST yields touching its 16-years high after the ISM-Manufacturing PMI beat expectations as well as Fed Governor Michelle Bowman's comment that she is supportive of another increase in the policy rate to tame inflation. Tonight, we will be watching out for the US JOLTS job openings data.

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	4.6806	4.6989	4.7233	4.7360	4.7637

USD/SGD



USD/SGD Neutral-to-Slightly Bullish

USD/SGD opened flat at 1.3730 and strengthened to 1.3739 at the point of writing. This pair will still be USD driven, and as such, we have a neutral-to-slightly bullish stance with resistance levels of 1.3803 (R1) and 1.3902 (R2). Singapore will release its official PMI index today.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3605	1.3667	1.3739	1.3803	1.3902

MYR Crosses

SGD/MYR

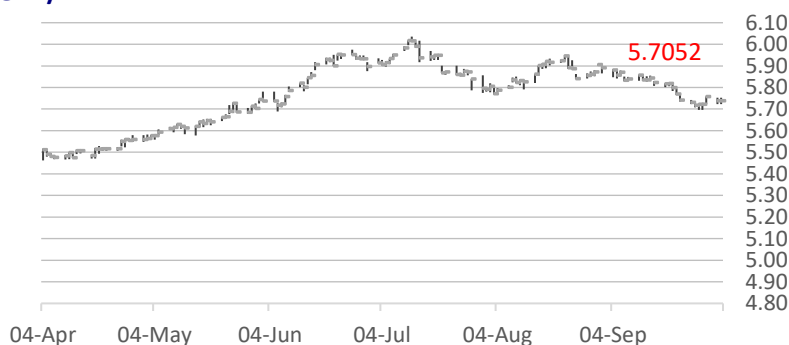


SGD/MYR Neutral-to-Slightly Bearish

SGD/MYR opened 0.14% lower at 3.4342 but quickly erased some of its losses to trade at 3.4376 at the point of writing. Daily outlook is neutral-to-slightly bearish on account of the lower opening, supported at 3.4286 (S1) and 3.4186 (R2) respectively. The pair also seemed to be facing a strong resistance breaking the 3.44 level, but possibility of further plunge in commodity prices that will dampen appetite for MYR could potentially exert upside risks to this pair.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.4186	3.4286	3.4376	3.4438	3.4486

GBP/MYR



GBP/MYR Slightly Bearish

GBP/MYR opened 0.61% lower at 5.7030 but rebounded slightly to 5.7052 at the point of writing. Given the significantly lower opening and still sluggish UK manufacturing PMI data overnight, we have a slightly bearish call for this pair. GBP/USD slid to 1.2081 at the point of writing, and with this, investors are eyeing the 1.2000 key psychological level. A break below that will open up the path to 1.18 next.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.6845	5.6942	5.7052	5.7529	5.7680

AUD/MYR



AUD/MYR Slightly Bearish

AUD/MYR opened 0.57% lower at 3.0006 and largely traded sideways at 3.0009 at the point of writing. Traders are likely to wait on the sidelines ahead of the Reserve Bank of Australia (RBA) monetary policy meeting today, where expectations is that the RBA is likely to maintain a status quo. Coupled with AUD weakness and the lower opening, we are slightly bearish for this pair.

A	S2	S1	Indicative	R1	R2
AUD/MYR	2.9689	2.9848	3.0009	3.0262	3.0347

Source: Bloomberg, HLBB Global Markets Research

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