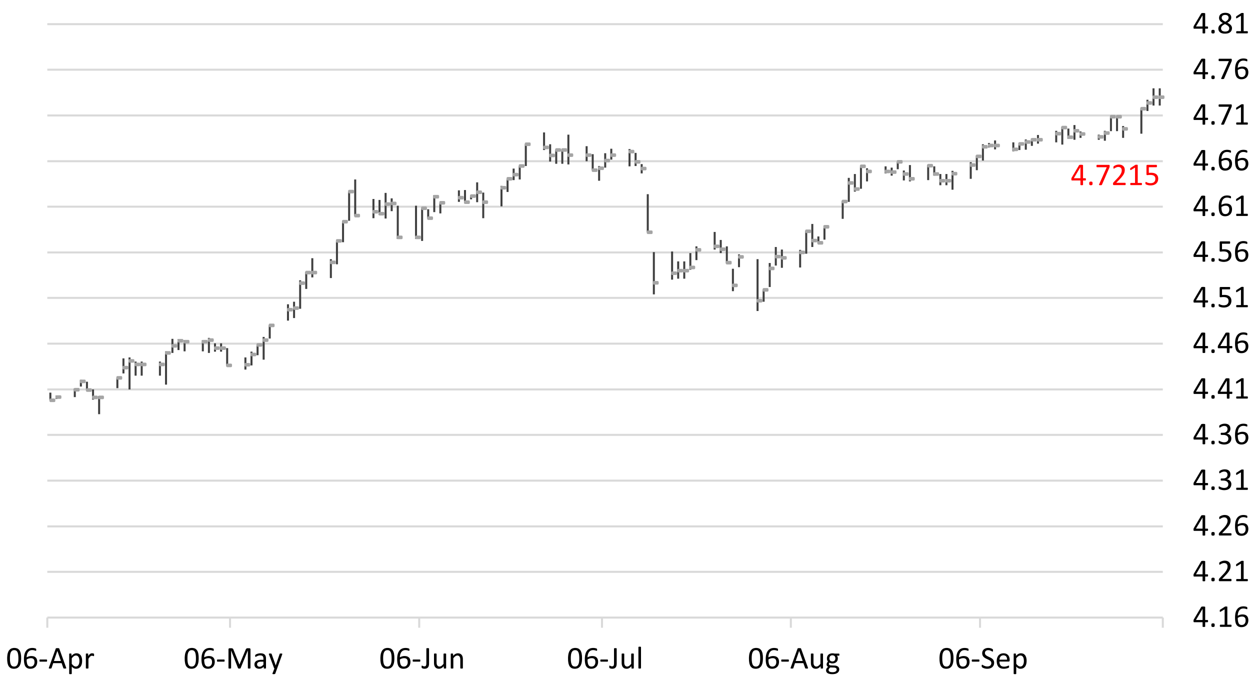
5 October 2023

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bearish

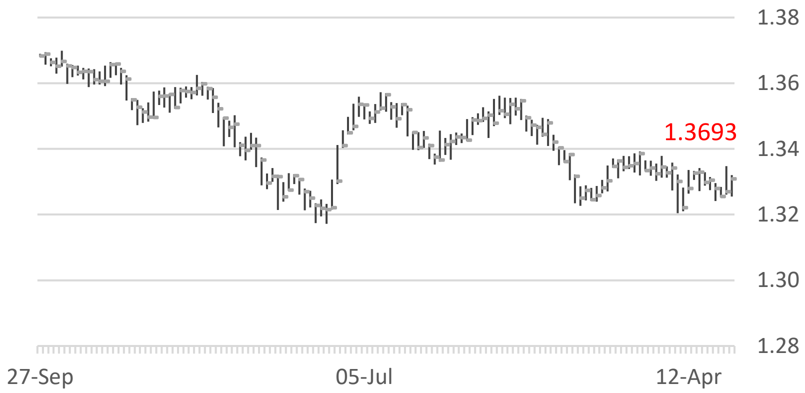
USD/MYR opened 0.16% lower at 4.7225 and slid to 4.7215 at the point of writing. Daily outlook is neutral-to-slightly bearish after the Dollar pared its gains overnight following a much weaker-than-expected ADP employment data at a 2.5-year low, which tempered Fed outlook and sent UST yields down from their multi-year highs. Tonight, we will be watching out for another set of labour data, from Challenger job cuts and jobless claims, followed by the highly tracked non-farm payroll (NFP) tomorrow. The latter is expected to moderate to 170k in September from 187k the prior month.

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	4.6928	4.7115	4.7215	4.7395	4.7489

USD/SGD



USD/SGD Neutral-to-Slightly Bearish

USD/SGD opened flat at 1.3721 and slid to 1.3693 at the point of writing. Daily outlook is neutral-to-slightly bearish on account of correction in the USD, with S1 and S2 seen at 1.3660 (R1) and 1.3597 (R2) respectively. Next week will be crucial for this pair, as MAS is expected to meet and decide on its next monetary policy decision and also unveil its 3Q GDP.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3597	1.3660	1.3693	1.3753	1.3786

MYR Crosses

SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.01% marginally higher at 3.4478, traded within the 3.4433-3.4506 range before settling at 3.4483 at the point of writing. Daily outlook is neutral-to-slightly bullish on SGD strength vs regionals. Gains, will nonetheless be capped at 3.4534 (R1) and 3.4592 (R2) respectively after BNM chief ruled out key rate cut for now.

5	S2	S1	Indicative	R1	R2
SGD/MYR	3.4154	3.4300	3.4483	3.4534	3.4592

GBP/MYR

GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.07% higher at 5.7408, strengthened to as high as 5.7445 before quickly retreating back to 5.7386 at the point of writing. Daily outlook is neutral-to-slightly bullish as GBP attracted bids amidst a correction in the USD. Overnight, BOE Governor Andrew Bailey said that the central bank is not done on fighting inflation yet.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.6855	5.7112	5.7386	5.7525	5.7681

AUD/MYR

AUD/MYR Neutral-to-Slightly Bullish

AUD/MYR opened 0.05% higher at 2.9929 and strengthened to 3.0013 at the point of writing. Daily outlook is neutral-to-slightly bullish as AUD gained momentum overnight, further supported by better-than-expected export data this morning

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9622	2.9769	3.0013	3.0096	3.0333

Source: Bloomberg, HLBB Global Markets Research

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