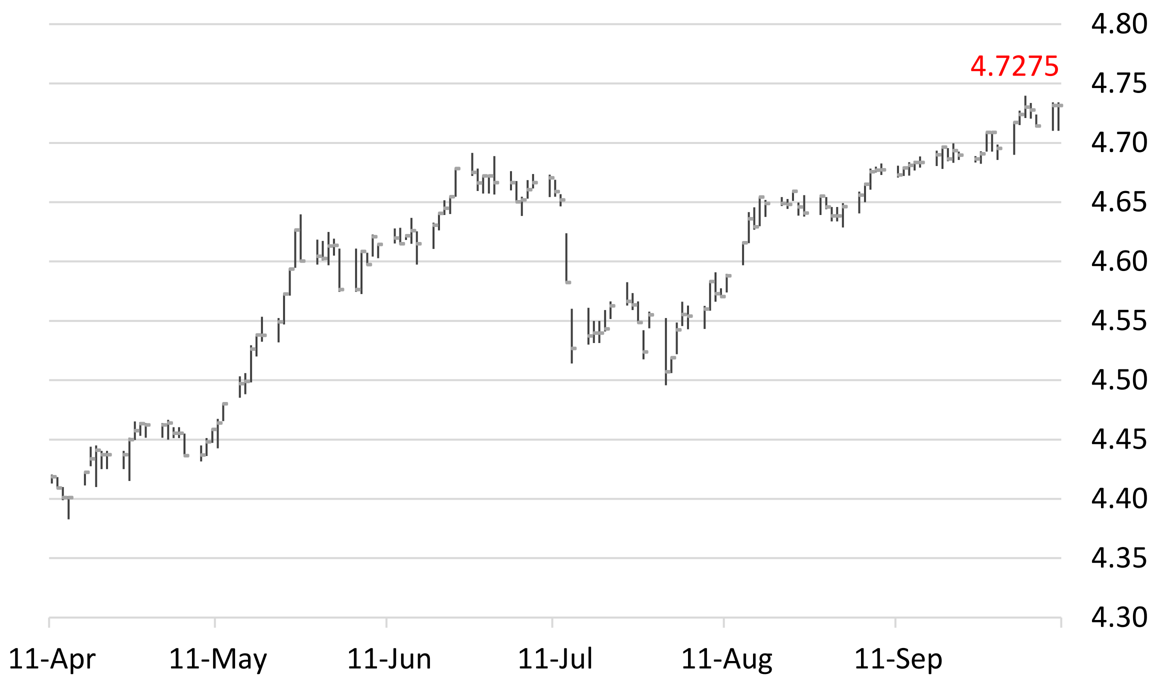
10 October 2023

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts –Neutral-to-Slightly Bearish

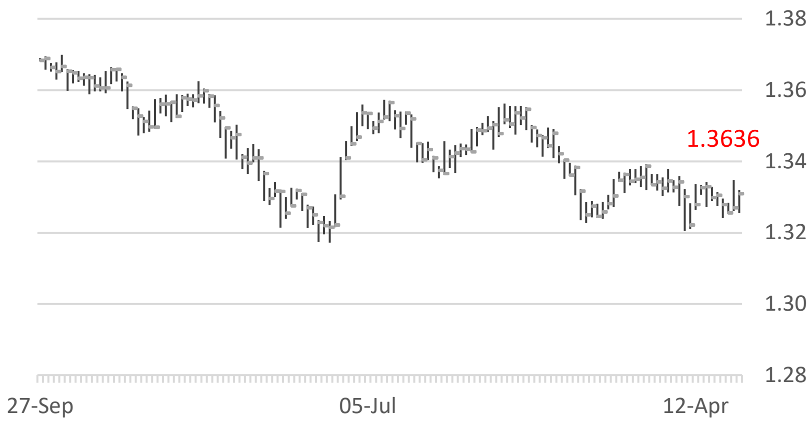
USD/MYR opened 0.30% lower at 4.7175 but pared some of its losses to trade at 4.7275 at the point of writing. Daily outlook is neutral-to-slightly bearish as USD saw a pull-back after dovish comments from Vice Chair Philip Jefferson and Dallas President Lorie Logan overnight. Nonetheless, flight to safety bid will continue to be supportive of USD, thus capping any losses for this pair at 4.7012 (S1) and 4.6772 (S2) respectively.

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	4.6772	4.7012	4.7275	4.7403	4.7492

USD/SGD



USD/SGD Neutral-to-Slightly Bearish

USD/SGD opened flat at 1.3653 and slid to 1.3636 at the point of writing. Similar to USD/ MYR, we have a neutral-to-slightly bearish outlook for USD/ SGD, with S1 and S2 at 1.3610 and 1.3553 respectively. All eyes will be on Singapore's monetary policy decision and 3Q GDP as well as US CPI and FOMC minutes later in the week.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3553	1.3610	1.3636	1.3689	1.3724

MYR Crosses

SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.39% higher at 3.4692 but pared its gains slightly to 3.4680 at the point of writing. Even as its low, the pair was trading at 3.4596, and as such, we have a neutral-to-slightly bullish view on this pair. As it is, we expect SGD to benefit more from the risk-off sentiment currently, and this is reflected by a stronger SGD vs G10 as compared to a weaker MYR vs G10.

5	S2	S1	Indicative	R1	R2
SGD/MYR	3.4452	3.4504	3.4680	3.4720	3.4979

GBP/MYR

GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.52% higher at 5.7970. Similar to the other crosses, the pair fell to as low as 5.7670 before rebounding to 5.7898 at the point of writing. Daily outlook is neutral-to-slightly bullish with caution ahead of BOE's release of the financial policy meeting minute today.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.7492	5.7581	5.7898	5.8028	5.8670

AUD/MYR

AUD/MYR Slightly Bullish

AUD/MYR opened 0.97% higher at 3.0393 but retreated slightly to 3.0388 at the point of writing. Daily outlook is slightly bullish given the higher opening as well AUD being supported by the uptick in consumer confidence data this morning. NAB Business Conditions were nonetheless lower at 11 for September (Aug: 14), but confidence held steady at 1.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9920	3.0011	3.0388	3.0539	3.1091

Source: Bloomberg, HLBB Global Markets Research

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