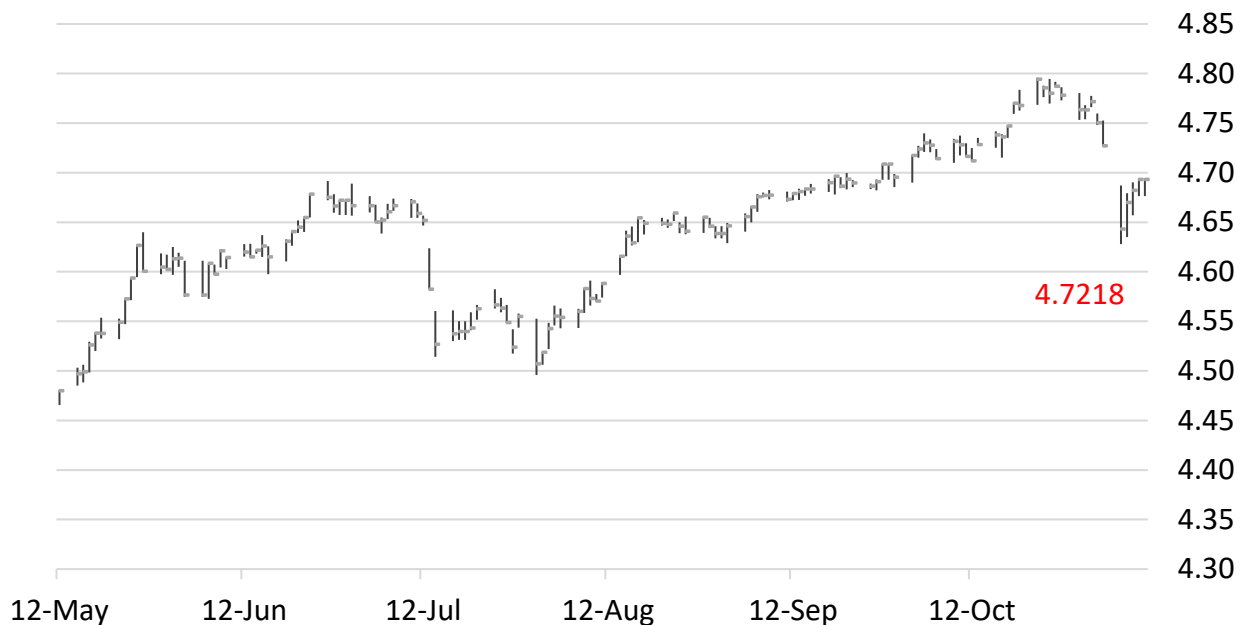


10 November 2023

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Slightly Bullish

USD/MYR opened 0.14% higher at 4.7000 and strengthened to 4.7218 at the point of writing. We have a slightly bullish outlook for this pair, with USD supported by hawkish remarks from Federal Reserve Chair Jerome Powell overnight and accompanying it, higher UST yields. Powell commented that the central bank is not confident of its progress against inflation and said that the Fed will not hesitate to tighten policy further if appropriate. This pair is expected to meet resistance levels at 4.7323 (R1) and 4.7422 (R2), with next data on deck being the preliminary Univ of Michigan's Consumer Sentiment index for November tonight.

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. However, we noted Chair Jerome Powell has also said that the FOMC is attentive to the increase in longer-term term yields and a persistent change in tightening of broader financial conditions can have implications for the path of monetary policy, scaling down Fed rate hike bets. On the domestic front, BNM maintained a neutral stance 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	4.6942	4.7058	4.7218	4.7323	4.7422

USD/SGD



USD/SGD Neutral-to-Slightly Bullish

USD/SGD opened flat at 1.3604, traded within the 1.3582-1.3611 range before settling at 1.3599 at the point of writing. Daily outlook is neutral-to-slightly bullish in anticipation of USD strength, with resistance levels seen at 1.3613 (R1) and 1.3627 (R2) respectively. Nothing on the docket domestically today and over the next week, so the pair is expected to take the lead from movements in the USD.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3567	1.3583	1.3599	1.3613	1.3627

MYR Crosses

SGD/MYR



SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.28% lower at 3.4492 before paring its losses to trade at 3.4722 at the point of writing. Daily outlook is neutral-to-slightly bullish given SGD strength vs its regional peers with R1 and R2 seen at 3.4814 and 3.4907 respectively.

5	S2	S1	Indicative	R1	R2
SGD/MYR	3.4388	3.4551	3.4722	3.4814	3.4907

GBP/MYR



GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.68% lower at 5.7333 before rebounding above previous close to trade at 5.7745 at the point of writing. Daily outlook is neutral-to-slightly bullish given GBP strength against regionals with gains capped given recent dovish remarks by the BoE Chief Economist Huw Pill as well as uncertainties with the release of 3Q's GDP data this afternoon.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.7187	5.7463	5.7745	5.7890	5.8037

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.70% lower at 2.9857 before erasing some of its losses to trade at 3.0039 at the point of writing. Trading for AUD has been volatile this morning, with AUD/USD slipping from 0.6362 to as low as 0.6352 after the release of the RBA statement. Key highlights of the statement were that the central bank expects inflation rate to return to the top of its 2-3% target only by end 2025 and yet, policy makers considered the option to continue to hold policy rates steady. The pair rebounded to 0.6367 but failed to hold to its strength and is currently trading at 0.6361 at the point of writing. Given AUD weakness, we have a largely neutral call for this pair.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9759	2.9901	3.0039	3.0123	3.0208

Source: Bloomberg, HLBB Global Markets Research

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damansara

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my**DISCLAIMER**

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter.

Potential and actual conflict of interest may arise from the activities of HLB Group. HLB Group constitute a diversified financial services group. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and other activities for their own account or the account of others. In the ordinary course of their business, HLB Group may effect transactions for their own account or for the account of their customers and hold long or short positions in the financial instruments. HLB Group, in connection with its business activities, may possess or acquire material information about the financial instruments. Such activities and information may involve or have an effect on the financial instruments. HLB Group have no obligation to disclose such information about the financial instruments or their activities.

The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report

may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.