

11 October 2023

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts –Neutral-to-Slightly Bearish

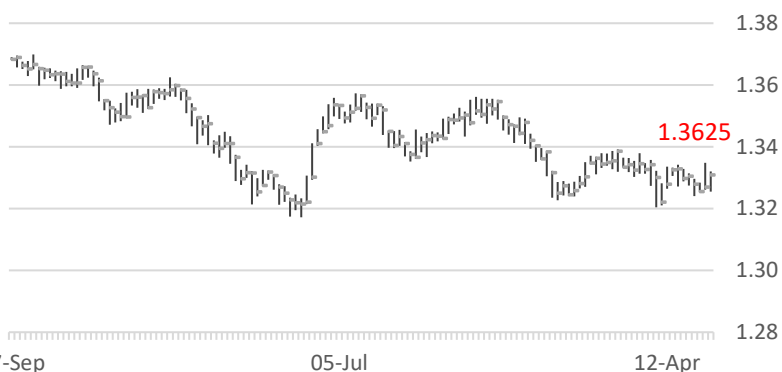
USD/MYR opened 0.13% lower at 4.7220, traded within 4.7200-4.7283 before settling at 4.7253 at the point of writing. We have a neutral-to-slightly bearish view on this pair after recent dovish remarks by several Fed officials forced investors to scale back their bets for more policy tightening, sending UST yields and DXY lower. On the domestic front, investors will be closely watching out for Prime Minister Anwar Ibrahim's will to follow through with its fiscal tightening measures in Budget 2024, which is widely expected to include targeted subsidy rationalisation.

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	4.7078	4.7179	4.7253	4.7377	4.7474

USD/SGD



USD/SGD Neutral-to-Slightly Bearish

USD/SGD opened 0.01% lower at 1.3630, traded within 1.3617-1.3644 before settling at 1.3625 at the point of writing. Daily outlook is neutral-to-slightly bearish, supported at 1.3593 (S1) and 1.3545 (S2) respectively. Tonight, investors should be looking out for the FOMC monetary policy meeting minutes for more clues on Fed's next move.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3545	1.3593	1.3625	1.3663	1.3695

MYR Crosses

SGD/MYR



SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.16% higher at 3.4694 but pared some of its gains to trade at 3.4671 at the point of writing. Daily outlook is neutral-to-slightly bullish on SGD strength this morning and on our expectations that SGD will have the upper hand in a bid-to-safety environment. There are many uncertainties surrounding this pair for the rest of the week, from Malaysia's Budget to Singapore's MAS meeting.

5	S2	S1	Indicative	R1	R2
SGD/MYR	3.4532	3.4585	3.4671	3.4766	3.4883

GBP/MYR



GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.18% higher at 5.8105 but scaled back some of its gains to trade at 5.8100 at the point of writing. Daily outlook is neutral-to-slightly bullish given GBP strength over the past week, trading currently just below the 1.2300 level. Supporting GBP is expectations that UK's monthly GDP will turnaround and grow by 0.2% m/m in August, when data is released on the 12th.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.7720	5.7861	5.8100	5.8182	5.8413

AUD/MYR

AUD/MYR Neutral-to-Slightly Bullish



AUD/MYR opened 0.26% higher at 3.0410 but lost some of its lustre to trade at 3.0392 at the point of writing. Daily outlook is neutral-to-slightly bullish as AUD/USD registered modest gains to 0.6433 at the point of writing. On the Australian front, we will be watching out for the CBA household spending data today, consumer inflation expectations tomorrow followed by the RBA October policy meeting minutes next week.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0183	3.0258	3.0392	3.0493	3.6480

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.