12 October 2023

Global Markets Research

Daily Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts –Neutral-to-Slightly Bullish

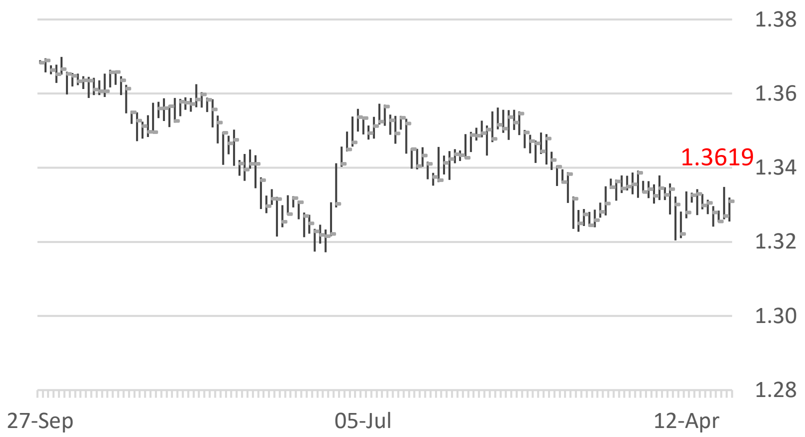
USD/MYR opened 0.03% lower at 4.7150 but rebounded to 4.7205 at the point of writing. We have a neutral-to-slightly bullish outlook for this pair amidst cautious sentiment ahead of US CPI print and on the domestic front, Malaysia's IPI. As it is, expectations is that IPI is expected to contract 2.0% y/y in August (Jul: +0.7% y/y) and this will not bode well for overall 3Q GDP outlook.

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	4.6936	4.7071	4.7205	4.7252	4.7341

USD/SGD



USD/SGD Neutral-to-Slightly Bearish

USD/SGD opened flat at 1.3633 and slid to 1.3619 at the point of writing. Daily outlook is neutral-to-slightly bearish on account of SGD strength while lower long-end UST yields does not bode well for USD. Tonight, we will be watching out for the US CPI print, followed by 3Q GDP and MAS policy decision on the Singapore front tomorrow. As it is, we expect MAS to extend its policy pause during this meeting with easing bias.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3551	1.3592	1.3619	1.3653	1.3674

MYR Crosses

SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.03% higher at 3.4610 and strengthened to 3.4653 at the point of writing. Daily outlook is neutral-to-slightly bullish, hit by a double whammy of SGD strength and cautiousness against MYR, especially in view of lower oil prices. This pair will meet R1 and R2 at 3.4678 and 3.4756 respectively.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.4522	3.4561	3.4653	3.4678	3.4756

GBP/MYR

GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.24% higher at 5.8078 and climbed further to 5.8145 at the point of writing. Daily outlook is slightly bullish given the higher opening and GBP strength against regionals. Supporting GBP strength is expectations that monthly GDP will rebound to grow by 0.2% m/m in August, but any surprises could swing this pair in the afternoon.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.7779	5.7861	5.8145	5.8233	5.8469

AUD/MYR

AUD/MYR Neutral-to-Slightly Bullish

AUD/MYR opened 0.05% lower at 3.0266 but pared its losses and more to trade at 3.0313 at the point of writing. Daily outlook is neutral-to-slightly bullish on AUD strength. AUD/USD strengthened to 0.6421 as of the point of writing after Australian Consumer Inflation Expectations accelerated to 4.8% in September.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0158	3.0220	3.0313	3.0399	3.0516

Source: Bloomberg, HLBB Global Markets Research

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