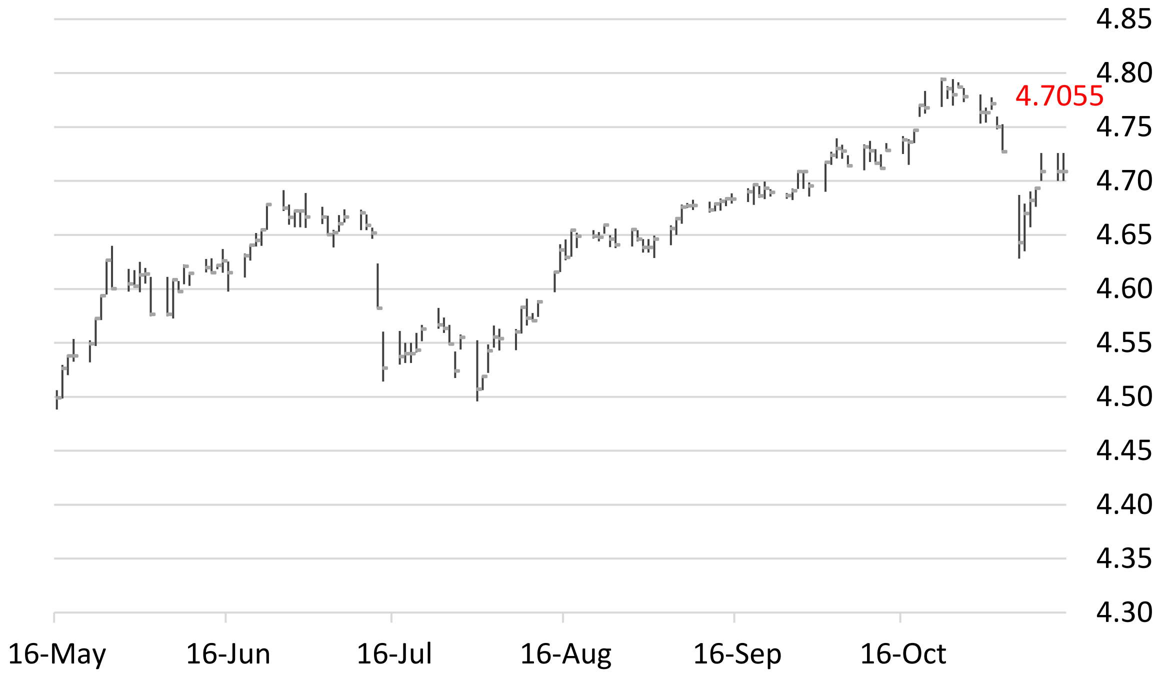
14 November 2023

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bullish

USD/MYR opened 0.17% lower at 4.7008 although pared some of its losses to trade at 4.7055 at the point of writing. Daily outlook is neutral-to-slightly bullish as markets remain largely cautious ahead of the US CPI print today. As it is, CPI is expected to ease to 3.3% from 3.7% previously, but core inflation is anticipated to hold steady at 4.1%. DXY will also take more cues from Fed speak this week, including Fed Vice-Chairman Philip Jefferson, New York Fed's John Williams and Lisa Cook.

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	4.6921	4.6986	4.7055	4.7116	4.7181

USD/SGD

USD/SGD Neutral-to-Slightly Bullish

USD/SGD opened flat at 1.3590 before edging higher to 1.3594 at the point of writing. Daily outlook is neutral-to-slightly bullish on SGD weakness, with direction largely USD driven in the absence of economic docket on the Singapore front. This pair is expected to meet resistance at 1.3604 (R1) and 1.3611 (R2) respectively.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3580	1.3589	1.3594	1.3604	1.3611

MYR Crosses

SGD/MYR

SGD/MYR Neutral

SGD/MYR opened 0.06% higher at 3.4650 before retreating to 3.4622 at the point of writing. Daily outlook is neutral with the pair expected to trade within the 3.4567-3.4683 range and sentiment cautious given the upcoming US CPI print as well as US ratings outlook downgrade by Moody's.

5	S2	S1	Indicative	R1	R2
SGD/MYR	3.4567	3.4603	3.4622	3.4650	3.4683

GBP/MYR

GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.51% higher at 5.7823 before retreating slightly to 5.7742 at the point of writing. Daily outlook is neutral-to-slightly bullish as investors took positively to the Sunak cabinet reshuffle but focus today largely be on UK's employment data. As it is, payrolled employees change is expected to worsen to -17k in October while weekly earnings ex-bonus is set to slow to +7.7% in Sep, weighing on GBP today and limiting gains for this pair.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.7682	5.7712	5.7742	5.7798	5.7853

AUD/MYR

AUD/MYR Neutral-to-Slightly Bullish

AUD/MYR opened 0.33% higher at 3.0040 but pared some of its gains to trade at 3.0018 at the point of writing. Daily outlook is neutral-to-slightly bullish on AUD strength, but with gains seen capped at 3.0060 (R1) and 3.0091 (R2) respectively as AUD/USD pair recovers some lost ground but remains below the 0.6400 psychological mark while the weak consumer and business sentiment data this morning will weigh on AUD.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9969	2.9999	3.0018	3.0060	3.0091

Source: Bloomberg, HLBB Global Markets Research

Hong Leong Bank Berhad
Fixed Income & Economic Research, Global Markets
Level 8, Hong Leong Tower
6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel: 603-2081 1221
Fax: 603-2081 8936
Email: HLMarkets@hlbb.hongleong.com.my