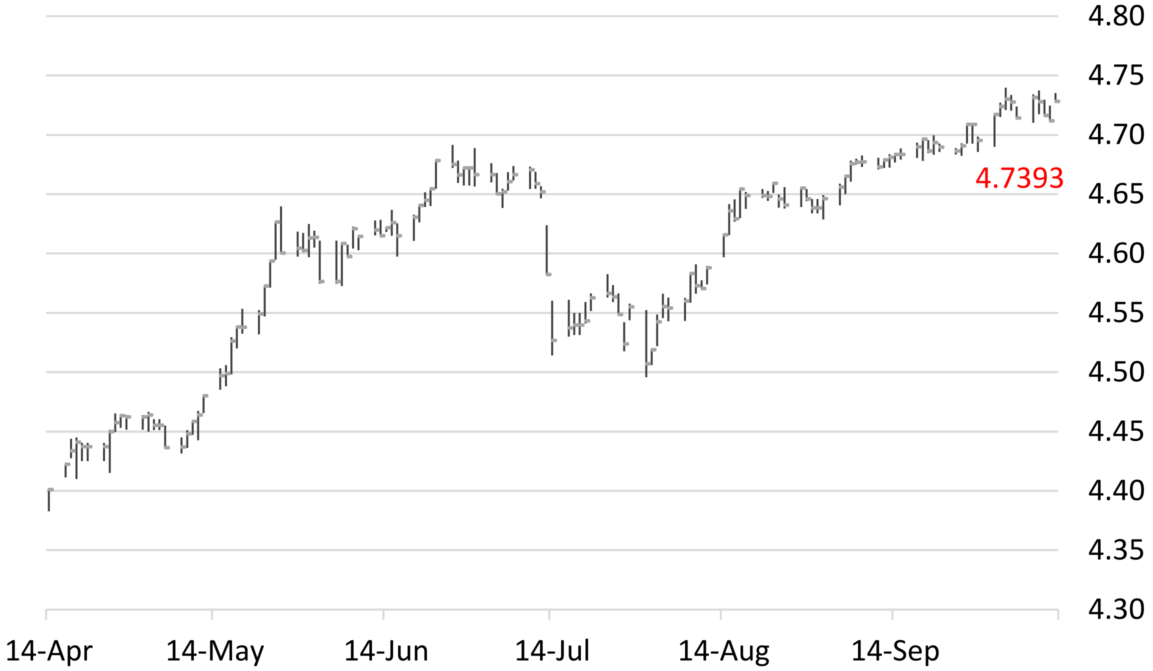
16 October 2023

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts - Slightly Bullish

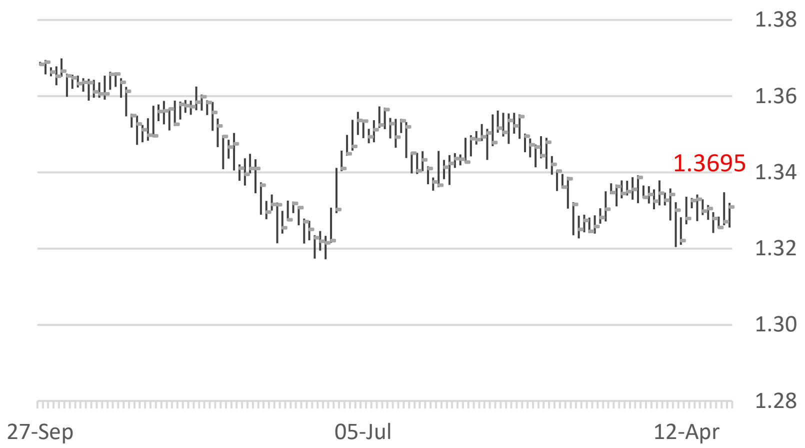
USD/MYR opened 0.07% lower at 4.7250 before paring its losses and more to trade at 4.7393 at the point of writing. Daily outlook is slightly bullish as threats of a broader conflict in the Middle East sent investors flocking to safe haven assets like US Treasuries, gold and the Dollar. Plenty of data in the week ahead, with consumer confidence, retail sales, IPI, housing starts and home sales numbers all due for release on top of Beige Book as well as regional data from New York and Philadelphia state.

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	4.7224	4.7253	4.7393	4.7404	4.7525

USD/SGD



USD/SGD Neutral-to-Slightly Bullish

USD/SGD opened 0.04% lower at 1.3688 but rebounded to 1.3695 at the point of writing. Daily outlook is neutral-to-slightly bullish, eyeing trading range between 1.3653 and 1.3713, with risk-off sentiment supportive of USD while the better-than-expected 3Q GDP print is supportive of the SGD. This week, we will be looking out for Singapore's NODX data for more clues on the direction for the currency.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3614	1.3653	1.3695	1.3713	1.3731

MYR Crosses

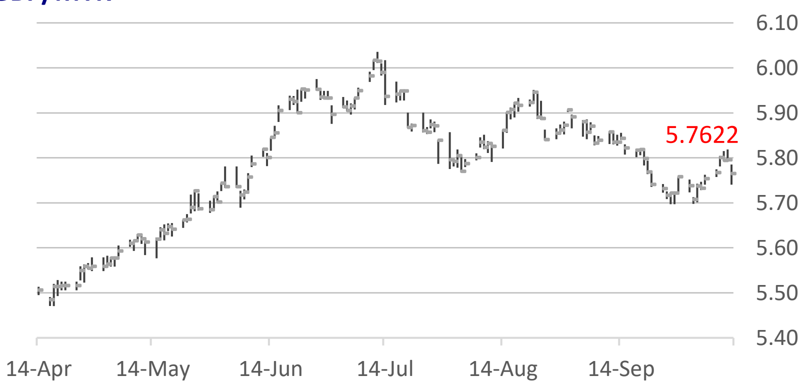
SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened flat at 3.4539 and strengthened 3.4613 at the point of writing. Daily outlook is neutral to slightly bullish on SGD strength against regionals, meeting resistance levels of 3.4630 (R1) and 3.4720 (R2) respectively.

5	S2	S1	Indicative	R1	R2
SGD/MYR	3.4310	3.4425	3.4613	3.4630	3.4720

GBP/MYR



GBP/MYR Neutral

GBP/MYR opened 0.30% lower at 5.7473 but pared most of its losses to trade at 5.7622 at the point of writing. Daily outlook is neutral given the lower opening but this has been negated by GBP strength vis-à-vis regionals. This week will be crucial for UK date wise, with the labour market report and CPI numbers due to be released.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.7181	5.7413	5.7622	5.7864	5.8083

AUD/MYR

AUD/MYR Slightly Bullish

AUD/MYR opened 0.01% lower at 2.9845 but rebounded to 2.9926 at the point of writing. Daily outlook is slightly bullish given AUD strength with RBA meeting minutes, Bullock's speech and Australian employment data on the deck this week.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9638	2.9742	2.9926	2.9966	3.0086

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