

17 October 2023

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts –Neutral-to-Slightly Bearish

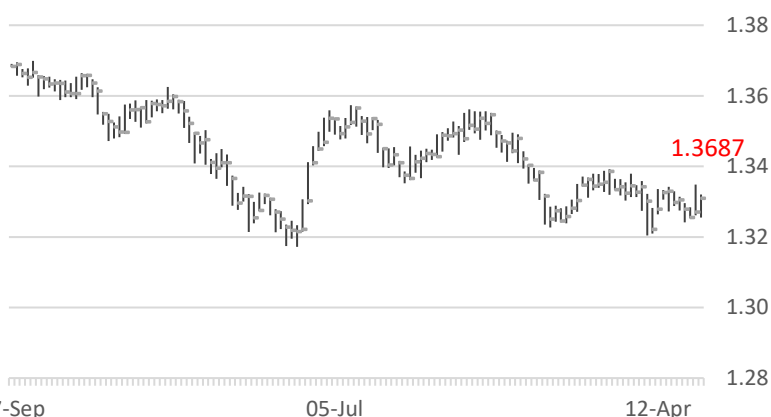
USD/MYR opened 0.49% lower at 4.7150 but pared some of its losses to trade at 4.7327 at the point of writing. Daily outlook is neutral-to-slightly bearish as the weak Empire State Manufacturing Index and hopes that the Middle East conflict will not escalate into a geopolitical crisis whet appetite for risk, all factors not supportive of the USD. Nevertheless, we expect any losses to be capped at 4.7182 (R1) and 4.7015 (R2) respectively as DXY appeared to recover some of its losses this morning to trade at 106.29 at the point of writing.

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	4.7015	4.7182	4.7327	4.7448	4.7516

USD/SGD



USD/SGD Neutral

USD/SGD opened flat at 1.3676 and traded up to 1.3687 at the point of writing. Daily outlook is neutral with the performance of this pair, eyeing a trading range of 1.3666-1.3697. The performance of this pair will be largely USD driven and dependent on the any developments in the Middle East conflict.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3655	1.3666	1.3687	1.3697	1.3717

MYR Crosses

SGD/MYR



SGD/MYR Neutral-to-slightly bearish

SGD/MYR opened 0.05% higher at 3.4606 but retreated back to 3.4590 at the point of writing. This pair appears to have difficulty breaking the 3.4600 level subsequent to opening and as such, we have a neutral-to-slightly bearish view for this pair, supported at 3.4531 (R1) and 3.4472 (R2) respectively.

5	S2	S1	Indicative	R1	R2
SGD/MYR	3.4472	3.4531	3.4590	3.4645	3.4700

GBP/MYR



GBP/MYR Slightly Bullish

GBP/MYR opened 0.54% higher at 5.7863 but pared its gains to trade at 5.7747 at the point of writing. Daily outlook is slightly bullish on account of the higher opening and GBP supported by expectations that UK payrolled employee change data will turnaround to increase by 3k in Sep (Aug: -1k). Negating this is MYR playing catch-up this morning.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.7337	5.7444	5.7747	5.7783	5.8006

AUD/MYR



AUD/MYR Slightly Bullish

AUD/MYR opened 0.23% higher at 3.0029 and strengthened further to 3.0063 at the point of writing. Daily outlook is slightly bullish in anticipation of AUD strength after the latest RBA minutes showed that policy makers reiterated views that the monetary policy may be subjected to further tightening and said that they have low tolerance for sticky prices.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9756	2.9858	3.0063	3.0104	3.0278

Source: Bloomberg, HLBB Global Markets Research

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