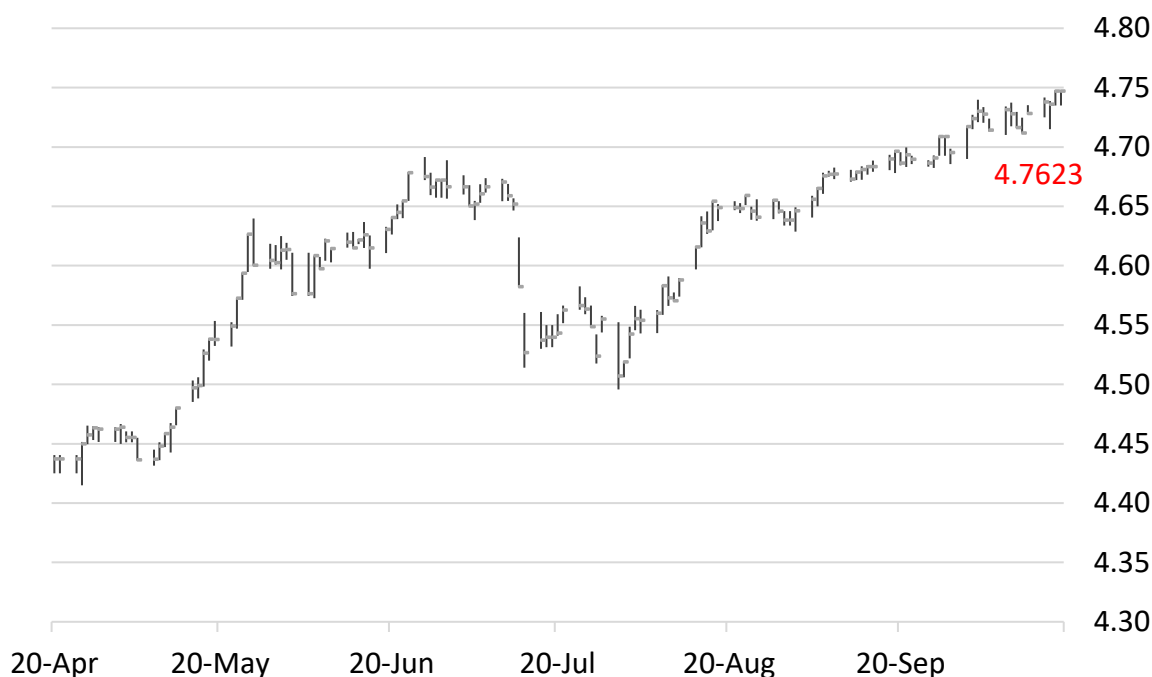


19 October 2023

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Slightly Bullish

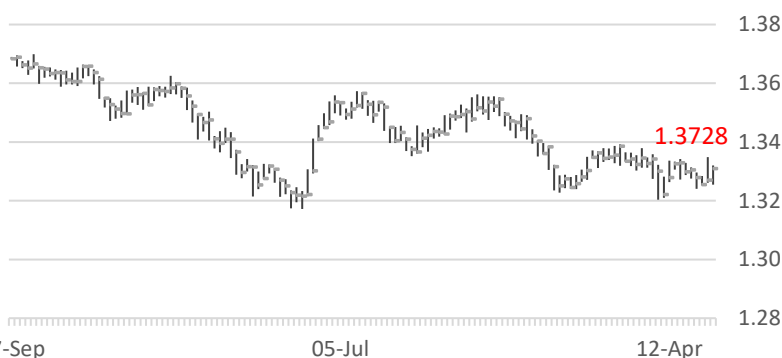
USD/MYR opened 0.28% higher at 4.7603 and strengthened to 4.7623 at the point of writing. Daily outlook is slightly bullish as Asian currencies came under pressure on the back of higher UST yields and worsening conflict in the Middle East, spurring flock to safe haven USD. This pair will, nonetheless, meet resistance at 4.7708 (R1) and 4.8462 (R2) and we will be closely watching out for Federal Reserve (Fed) Chairman Jerome Powell's speech at the Economic Club of New York.

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	4.7305	4.7387	4.7623	4.7708	4.8462

USD/SGD



USD/SGD Neutral

USD/SGD opened flat at 1.3734, scaled to 1.3739 before retreating to 1.3728 at the point of writing. Daily outlook is neutral, with an upward bias in a tug-of-war between USD and SGD strength and investors largely awaiting Powell speak tonight. We are eyeing a trading range between 1.3691 and 1.3758 today.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3647	1.3691	1.3728	1.3758	1.3781

MYR Crosses

SGD/MYR



SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.32% lower at 3.4558 but quickly pared its losses and more to trade at 3.4687 at the point of writing. While emerging currencies have largely shrugged off China's better-than-expected 3Q GDP, we note that SGD has and will benefit from a better China economic outlook as well as safe haven status as compared to its regional peers. This is reaffirmed by a stronger SGD vis-à-vis regionals this morning, thus our neutral-to-slightly bullish view for this pair.

5	S2	S1	Indicative	R1	R2
SGD/MYR	3.4547	3.4609	3.4687	3.4717	3.4763

GBP/MYR



GBP/MYR Neutral-to-Slightly Bearish

GBP/MYR opened 0.45% lower at 5.7638 but pared some of its losses to trade at 5.7820 at the point of writing. Daily outlook is neutral-to-slightly bearish with the lower opening offset by gains in GBP as British inflation beat forecast and GBP strength vs regionals.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.7547	5.7722	5.7820	5.7999	5.8101

AUD/MYR



AUD/MYR Bearish

AUD/MYR opened 0.69% lower at 3.0065 but pared some of its losses to trade at 3.0092 at the point of writing. Daily outlook is bearish given AUD weakness after the employment change data this morning came significantly below consensus at +6.7k in September (Aug: +63.3k), reaffirming RBA's assessment that the labour market has reached a turning point. Unemployment rate, nevertheless, unexpectedly improved 0.1ppts to 3.6%.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9847	3.0041	3.0092	3.0351	3.0429

Source: Bloomberg, HLBB Global Markets Research

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