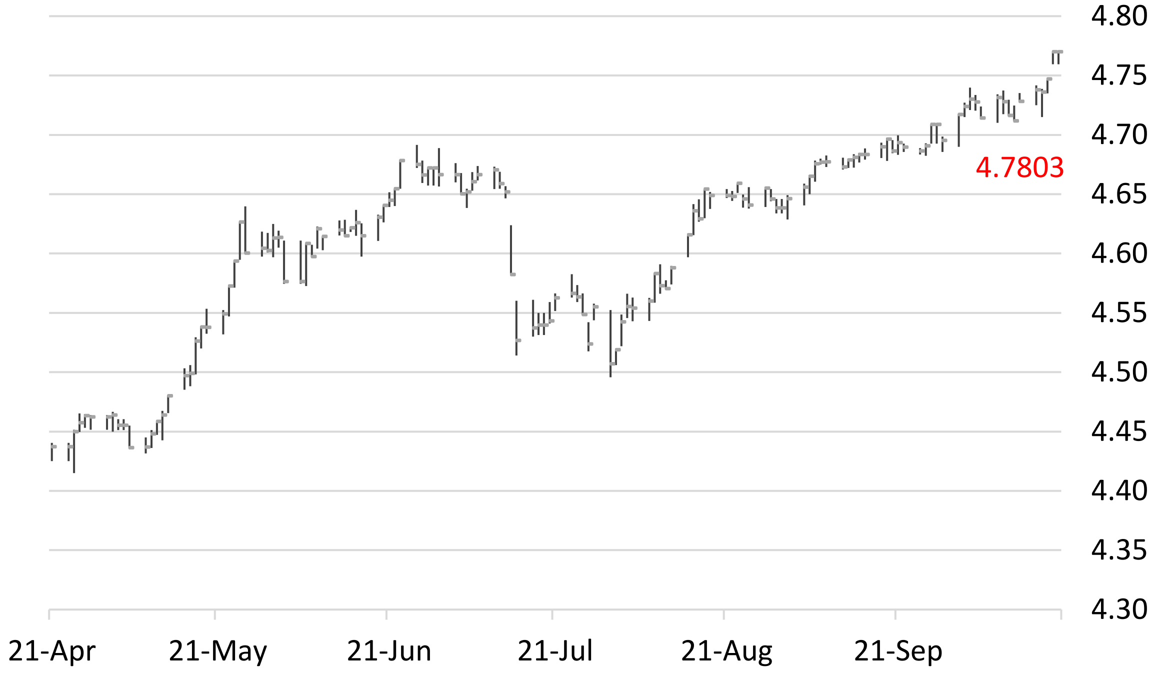
20 October 2023

Global Markets Research
Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts –Neutral-to-Slightly Bullish

USD/MYR opened 0.02% lower at 4.7692 before rebounding to 4.7803 at the point of writing. Daily outlook is neutral-to-slightly bullish on USD strength after Fed Chair Jerome Powell said that there is no evidence of too tight policy right now, sending the DXY higher to 106.31 at the point of writing. This is despite a slew of weak US data. President Biden, meanwhile, called on Congress to support funding for Israel and Ukraine in a rare Oval Office address. Tonight, we will be watching another round of Fed speak.

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	4.7558	4.7629	4.7803	4.7890	4.7995

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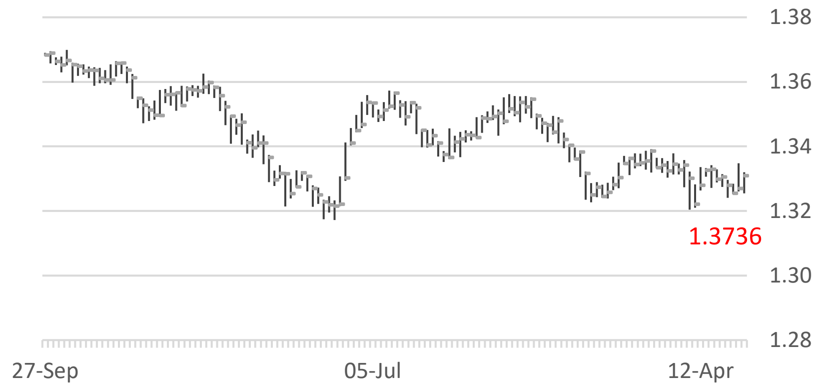
USD/SGD



USD/SGD Neutral

USD/SGD opened flat at 1.3728 before strengthening to 1.3736 at the point of writing. Daily outlook is neutral given USD and SGD strength this morning, eyeing a trading range of 1.3702-1.3752 with drivers being predominantly USD driven.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3675	1.3702	1.3736	1.3752	1.3775

MYR Crosses

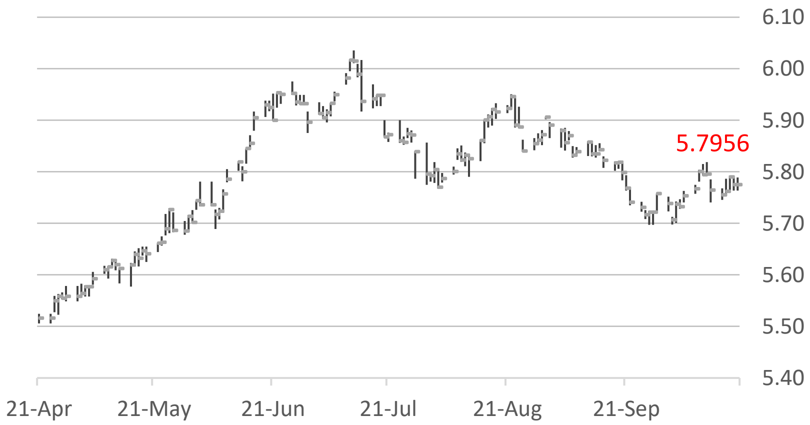
SGD/MYR

SGD/MYR Slightly Bullish

SGD/MYR opened 0.08% higher at 3.4748 and strengthened further to 3.4797 at the point of writing. Daily outlook is slightly bullish given the higher opening and upper trajectory subsequent to this, as well as anticipation that MYR will be weighed down by pressure on risky assets given the Middle East conflict as well as still weak trade data overnight. We will be watching out for Malaysia's CPI data at noon today.

5	S2	S1	Indicative	R1	R2
SGD/MYR	3.4503	3.4612	3.4797	3.4829	3.4992

GBP/MYR



GBP/MYR Slightly Bullish

GBP/MYR opened 0.25% higher at 5.7889 and strengthened to 5.7956 at the point of writing. Daily outlook is slightly bullish on account of the higher opening, but gains will be capped at 5.8013 (R1) and 5.8267 (R2) given GBP weakness after dip in British consumer confidence data this morning. With this decline, we will be watching out for retail sales data to be released today.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.7505	5.7625	5.7956	5.8013	5.8267

AUD/MYR

AUD/MYR Slightly Bullish

AUD/MYR opened 0.29% higher at 3.0167 and trended up to 3.0169 at the point of writing. Daily outlook is slightly bullish but we expect gains to be capped on AUD weakness after a much slower employment data yesterday, while escalating geopolitical tensions in the Middle East will exert pressure on risky assets like AUD. We expect this pair to meet R1 and R2 at 3.0259 and 3.0440 respectively.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9897	2.9988	3.0169	3.0259	3.0440

Source: Bloomberg, HLBB Global Markets Research

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