20 November 2023

Global Markets Research

Daily Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bearish

USD/MYR opened 0.29% lower at 4.6675 before paring some of its losses to trade at 4.6780 at the point of writing. Daily outlook for this pair is neutral-to-slightly bearish on expectations that USD will be weaker relative to MYR today. As it is, traders took a break from ongoing Fed rate hike concerns, weighing on USD. As growth and inflation figures eased in the US, markets are pricing in a 100% chance of a rate pause from the Fed in December and Fed futures is switching from an aggressive "higher for longer" stance to four rate cuts in 2024. Not much in terms of Tier 1 US data this week, with focus likely on the minutes to the latest FOMC meeting.

1-Month Outlook – USD/MYR Neutral-to-Slightly Bullish

The USD/MYR 1-month outlook is neutral-to-slightly bullish. Although the latest Fed dot plot points to one more 25bps Fed hike this year and Fed speaks have remained hawkish, we noted renewed weakness in US economic data and sharper than expected deceleration in inflation. With the latest CPI print coming in lower than expected and retail sales falling m/m for the first time in 7 months, we have scaled down Fed rate hike bets and now expects the Fed funds rate to have peaked at the current 5.25-5.50%. Although expectations for a steady Fed funds rate will exert downward pressure on the USD, haven demand in an uncertain environment will limit downside in the greenback in our view. Meanwhile on the domestic front, MYR will be supported by expectations for an extended pause in OPR. 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.

	S2	S1	Indicative	R1	R2
USD/MYR	4.6592	4.6686	4.6780	4.6853	4.6927

USD/SGD

USD/SGD Neutral-to-Slightly Bearish

USD/SGD opened 0.05% higher at 1.3442 but pared some of its gains to trade at 1.3428 at the point of writing. Daily outlook is neutral-to-slightly bearish given USD weakness and key risk for this pair this week being Singapore's 3Q GDP and October CPI data.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3405	1.3416	1.3428	1.3444	1.3461

MYR Crosses

SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.13% higher at 3.4833 and strengthened to 3.4843 at the point of writing. Daily outlook is neutral-to-slightly bullish given MYR weakness against SGD which sent this pair into upper trajectory post opening, with R1 and R2 seen at 3.4890 and 3.4936 respectively. Key risk for this pair today is Malaysia's trade numbers at noon, where the contraction in exports is expected to narrow to -5.0% y/y in October.

5	S2	S1	Indicative	R1	R2
SGD/MYR	3.4706	3.4775	3.4843	3.4890	3.4936

GBP/MYR

GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.35% higher at 5.8294 and strengthened to 5.8320 at the point of writing. Daily outlook is neutral-to-slightly bullish given that GBP/USD strengthened to 1.2465 at the point of writing. Nonetheless, GBP/USD seemed to struggle to hold gains above the 1.2470 level after the disappointing UK retail sales data and as such, we expect gains for this pair to be capped at 5.8472 (R1) and 5.8662 (R2).

	S2	S1	Indicative	R1	R2
GBP/MYR	5.8091	5.8208	5.8320	5.8472	5.8662

AUD/MYR

AUD/MYR Slightly Bullish

AUD/MYR opened 0.37% higher at 3.0476 and strengthened to 3.0513 at the point of writing. Daily outlook is slightly bullish on AUD strength. AUD/USD held above the 0.6500 level in Monday trade and strengthened in tandem with CNH. There will be no data release from the Australian docket on Monday. Market players await the RBA Meeting Minutes and RBA Governor Bullock's speech on Tuesday.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0320	3.0416	3.0513	3.0575	3.0638

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