23 October 2023

Global Markets Research

Daily Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts –Neutral-to-Slightly Bullish

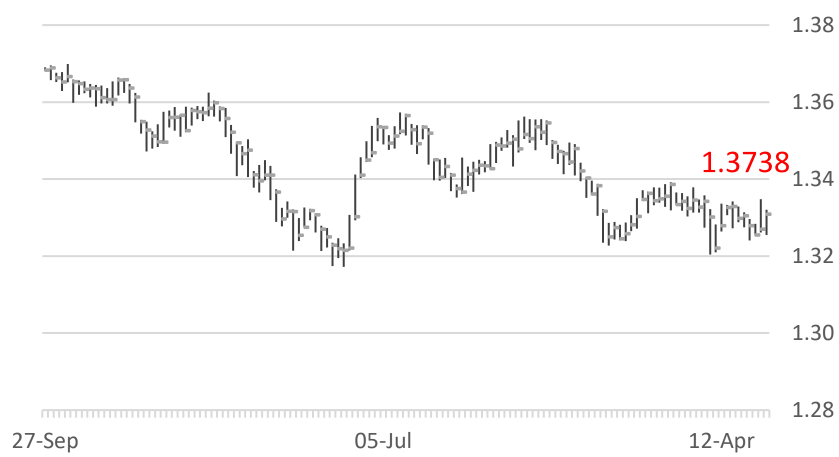
USD/MYR opened 0.02% higher at 4.7685 and strengthened to 4.7765 at the point of writing. Daily outlook is neutral-to-slightly bullish on the back of the widening interest rate differential between the two currencies and expectations of USD strength driven by its safe haven status. MYR, meanwhile, will be weighed down by weakness in trade because of China. No major economic data is scheduled today except for the Chicago Fed National Activity Index, but we will be watching out for the preliminary PMIs for October, advance 3Q GDP, durable goods orders, new home sales, as well as personal incomes and spending and the core PCE deflator this week.

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	4.7502	4.7590	4.7765	4.7800	4.7922

USD/SGD



USD/SGD Neutral-to-Slightly Bullish

USD/SGD opened flat at 1.3725 and strengthened to 1.3738 at the point of writing. Daily outlook is neutral-to-slightly bullish with gains seen capped at 1.3757 (R1) and 1.3788 (R2) respectively given SGD strength vis-à-vis G10. We will be watching out for Singapore's CPI data today, with consensus expecting it to hold steady at 4.0% in September while core is anticipated to ease to 3.1% from 3.4% previously.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3695	1.3710	1.3738	1.3757	1.3788

MYR Crosses

SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.04% lower at 3.4736 but quickly pared its losses and more to trade at 3.4797 at the point of writing. We have a neutral-to-slightly bullish view on this pair as we expect that SGD will fare better given the risk off environment globally. Next up for this pair the rest for the week is Singapore's unemployment and IPI numbers, data wise.

5	S2	S1	Indicative	R1	R2
SGD/MYR	3.4612	3.4681	3.4797	3.4822	3.4894

GBP/MYR

GBP/MYR Slightly Bullish

GBP/MYR opened 0.31% higher at 5.7992 and trended up to 5.8077 at the point of writing. Despite the weaker than expected UK retail sales and GBP weakening against regionals, GBP still managed to chalk up gains against TWD and MYR in the past day. As such, we have a slightly bullish view for this pair. On deck this week are the labour data, UK PMIs and consumer confidence.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.7445	5.7629	5.8077	5.8211	5.8594

AUD/MYR

AUD/MYR Neutral-to-Slightly Bullish

AUD/MYR opened 0.10% higher at 3.0132 and strengthened to 3.0150 at the point of writing. Daily outlook Is neutral-to-slightly bullish as AUD/USD kick off the new week in positive note during early Asian session. This week will be a crucial week for Australia's CPI given its September and 3Q data are due for release.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9896	2.9998	3.0150	3.0211	3.0332

Source: Bloomberg, HLBB Global Markets Research

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