

25 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 0.16% higher at 4.7930 but slid to 4.7830 at the point of writing. Daily outlook is neutral-to-slightly bearish on increased risk appetite which will bode well for emerging currencies rather than safe-haven USD. This is, in fact, reflected by USD weakness and MYR strength this morning. Capping weakness in USD will be the slew of fresh S&P PMIs which highlighted the strength of the US economy vis-à-vis the UK and Eurozone. Overnight, both the US S&P Manufacturing and Services PMIs unexpectedly improved to 50.0 and 50.9 in October. Next up on deck will be US new home sales as well as mortgage applications data.

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

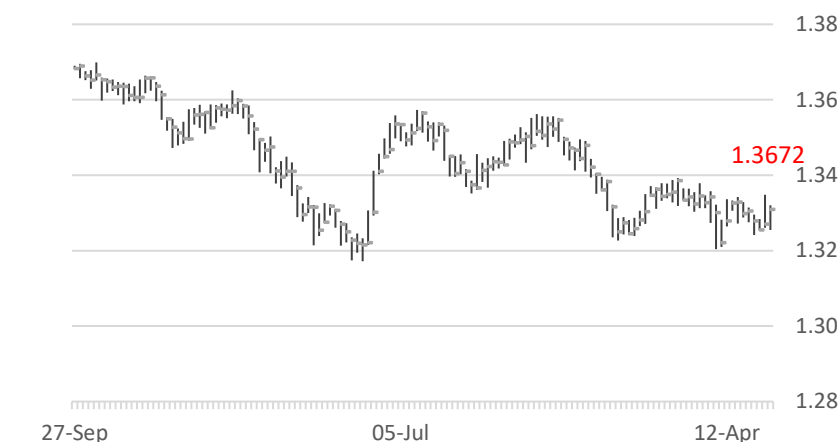
The USD/MYR 1-month outlook is neutral-to-slightly bullish as the Fed dot plot points to one more 25bps Fed hike this year, while expectations for any rate cut are being pushed back to 2H2024. In fact, the latest Fed dot plot showed the median forecast for end-2023, 2024 and 2025 fed funds rate at 5.6%, 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	4.7589	4.7766	4.7830	4.8039	4.8135

USD/SGD

USD/SGD Neutral-to-Slightly Bearish

USD/SGD opened flat at 1.3685, traded within the 1.3666-1.3688 range before settling at 1.3672 at the point of writing. 1.3668. Daily outlook is neutral-to-slightly bearish given SGD strength, with gains seen capped at 1.3705 (R1) and 1.3726 (R2) respectively. Other from USD driven movements, we will also be watching out for Singapore's IPI data tomorrow for cue to actual 3Q GDP numbers. Expectations is that the index will improve to +8.1% m/m and -4.5% y/y in September.



	S2	S1	Indicative	R1	R2
USD/SGD	1.3614	1.3649	1.3672	1.3705	1.3726

MYR Crosses

SGD/MYR

SGD/MYR Neutral-to-Slightly Bearish

SGD/MYR opened 0.13% lower at 3.4976 and slid to 3.4951. Daily outlook is neutral-to-slightly bearish given the lower opening and downward trajectory and on expectations that MYR will benefit more from a risk-on environment. Given strength in both currencies, we expect losses to be capped at 3.4913 (R1) and 3.4803 (R2) respectively (R2).



5	S2	S1	Indicative	R1	R2
SGD/MYR	3.4803	3.4913	3.4951	3.5080	3.5137

GBP/MYR

GBP/MYR Bearish

GBP/MYR opened 0.63% lower at 5.8206 and weakened to 5.8151 at the point of writing. Daily outlook is bearish given that GBP/USD is shedding pips after UK S&P PMIs continued to print in reds.



	S2	S1	Indicative	R1	R2
GBP/MYR	5.7193	5.7503	5.8151	5.8692	5.8807

AUD/MYR



AUD/MYR Neutral-to-Slightly Bullish

AUD/MYR opened 0.03% lower at 3.0438 but made a U-turn to 3.0522 at the point of writing. This comes after reaching a high at 3.0620 in early morning trade. Daily outlook is neutral-to-slightly bullish after AUD/USD spiked to 0.6386 at the point of writing from 0.6355 when they opened, with AUD supported by the hotter-than-expected CPI data this morning as well as hawkish comments from RBA Governor Michelle Bullock.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0221	3.0334	3.0522	3.0603	3.0794

Source: Bloomberg, HLBB Global Markets Research

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