

27 October 2023

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts –Neutral-to-Slightly Bearish

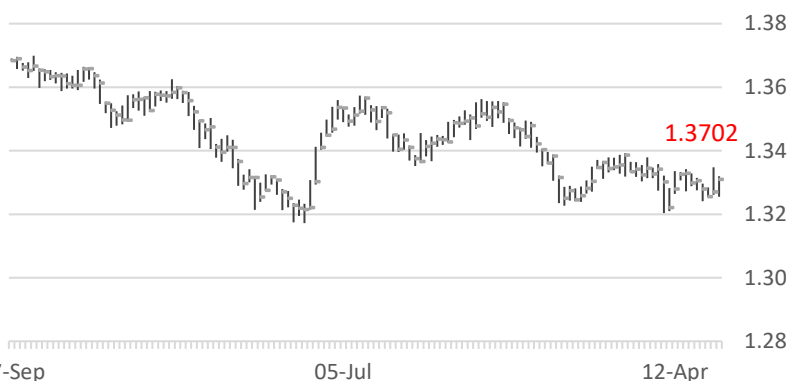
USD/MYR opened 0.02% lower at 4.7860 and slid to 4.7780 at the point of writing. Daily outlook is neutral-to-slightly bearish given USD weakness vis-à-vis regionals as well as MYR strength. Despite the unexpected acceleration in US 3Q GDP growth to +4.9% q/q in 3Q (2Q: +2.1% q/q), the Treasury yield curve shifted lower as investors were unconvinced that the Federal Reserve will hike the policy rates next week, weighing on USD. Tonight, the all-important core Personal Consumption Expenditures (PCE) price index is on deck and will have a material impact on the US bond market as well as Fed's next move.

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	4.7273	4.7772	4.7780	4.7903	4.7937

USD/SGD



USD/SGD Neutral

USD/SGD opened flat at 1.3695, took a dive to 1.3686 before rebounding to 1.3702 at the point of writing. We have a neutral view for this pair given USD and SGD weakness, investors' cautiousness ahead of the core-PCE price index and eyeing a trading range between 1.3678-1.3723.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3662	1.3678	1.3702	1.3723	1.3752

MYR Crosses

SGD/MYR



SGD/MYR Neutral-to-Slightly Bearish

SGD/MYR opened 0.17% higher at 3.4974 but quickly lost its lustre and trended down to 3.4871 at the point of writing. We have a neutral-to-slightly bearish view on this pair, eyeing supports at 3.4858 (S1) and 3.4802 (S2) respectively. Overnight, Singapore's unemployment data took the spotlight. Although unemployment rate held low and steady at 2.0%, the labour report showed that retrenchments in wholesale trade rose to 4.1k.

5	S2	S1	Indicative	R1	R2
SGD/MYR	3.4802	3.4858	3.4871	3.4978	3.5066

GBP/MYR



GBP/MYR Neutral

GBP/MYR opened 0.38% higher at 5.8092 but pared some of its gains to trade at 5.7941 at the point of writing. Daily outlook is neutral despite the higher opening in anticipation of GBP weakness. In fact, GBP/USD weakened to 1.2127 at the point of writing, weighed down by the disappointing CBI trend numbers.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.7698	5.7786	5.7941	5.8070	5.8256

AUD/MYR

AUD/MYR Neutral-to-Slightly Bullish



AUD/MYR opened 0.34% higher at 3.0318 but retreated to 3.0265 at the point of writing. Daily outlook is neutral-to-slightly bullish in a tug of war between MYR and AUD strength. As it is, the AUD/USD pair held firmly above 0.6300 after bouncing off its YTD low of 0.6270 during the early Asian session.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9934	3.0075	3.0265	3.0378	3.0600

Source: Bloomberg, HLBB Global Markets Research

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