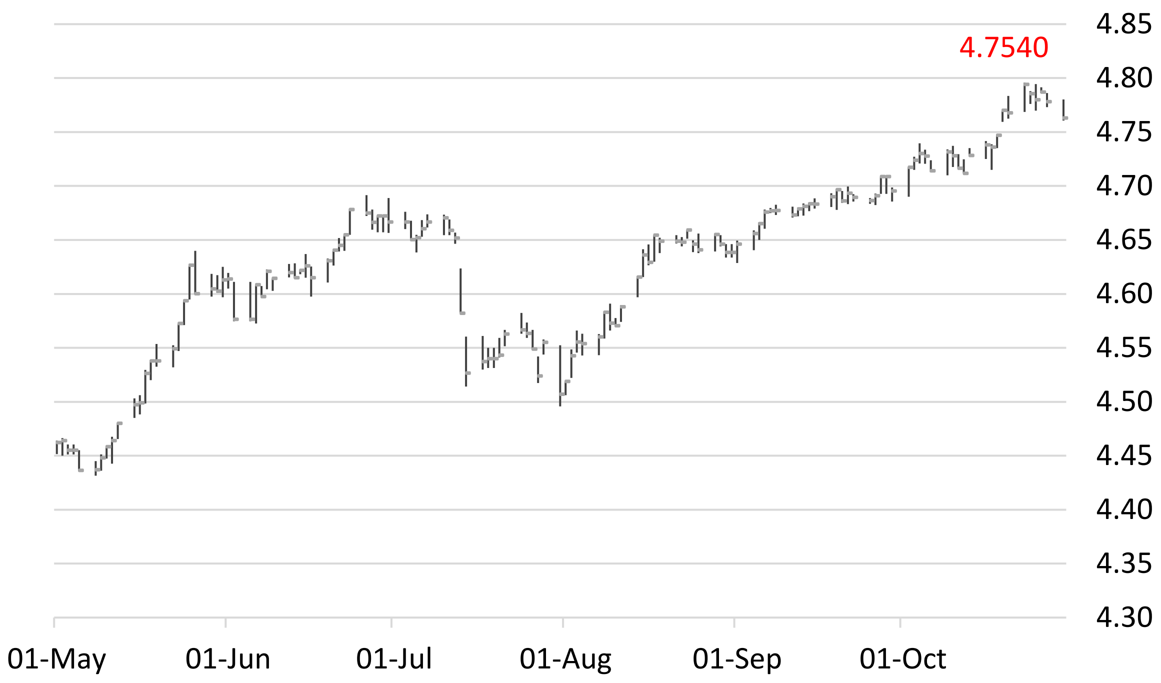
30 October 2023

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts - Slightly Bearish

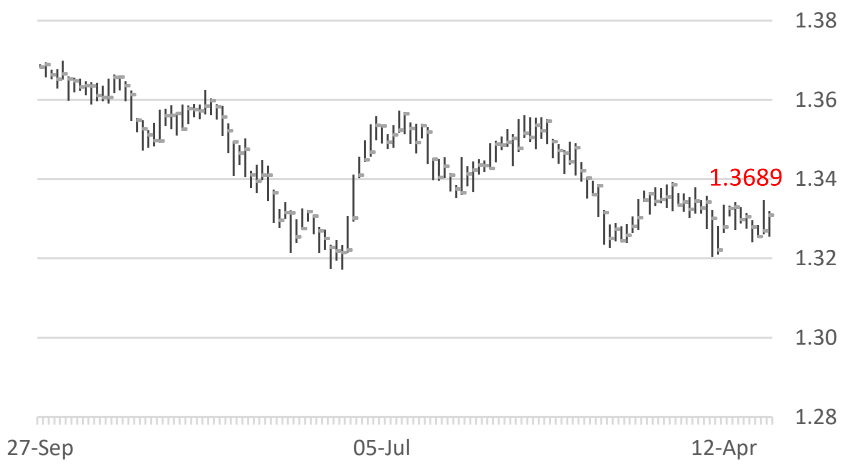
USD/MYR opened 0.10% lower at 4.7732 and slid to 4.7540 at the point of writing. Daily outlook is slightly bearish on MYR strength today and while investors await the BNM policy decision later in the week. We expect the central bank to maintain status quo, but the accompanying statement will be closely watched. On the USD front, trading in the currency will mostly be more muted ahead of the FOMC meeting, but could potentially be weighed down by expectations of a Fed pause after the softer y/y core-PCE prices. Plenty of economic data this week, with ISM and highly watched non-farm payroll on deck.

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	4.7262	4.7535	4.7540	4.7851	4.7921

USD/SGD



USD/SGD Neutral

USD/SGD opened 0.02% lower at 1.3695 and has largely traded within the 1.3689-1.3713 range before settling at 1.3689 at the point of writing. Daily outlook is neutral while investors await the FOMC meeting. MAS chief Ravi Menon, meanwhile, said that Singapore's monetary policy remains appropriately tight and signalled that the authorities aren't necessarily pressured to do even more even as regional peers turn hawkish.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3662	1.3680	1.3689	1.3717	1.3736

MYR Crosses

SGD/MYR

SGD/MYR Slightly Bearish

SGD/MYR opened 0.05% lower at 3.4873 and quickly slid to 3.4727 at the point of writing. Daily outlook is slightly bearish on MYR strength, with support levels seen at 3.4716 (R1) and 3.4544 (R2).

5	S2	S1	Indicative	R1	R2
SGD/MYR	3.4544	3.4716	3.4727	3.4957	3.5026

GBP/MYR

GBP/MYR Bearish

GBP/MYR opened 0.19% lower at 5.7878 and slid to 5.7591 at the point of writing. Daily outlook is bearish, hit by double-whammy of MYR strength and GBP weakness. This week, BOE is also set to meet and expectations is that the central bank will maintain its policy rates unchanged and market pricing in only 6% change of rate hike in the futures market.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.6287	5.7232	5.7591	5.8101	5.8211

AUD/MYR

AUD/MYR Bearish

AUD/MYR opened 0.27% lower at 3.0286 and slid to 3.0202 at the point of writing. Daily outlook is bearish on MYR strength, but losses will be negated by the strong AUD this morning, as seen in the AUD/USD trending up to 0.6353 at the point of writing as well as Australia's strong retail sales data which fuelled rate hike bets.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0008	3.0165	3.0202	3.0423	3.0479

Source: Bloomberg, HLBB Global Markets Research

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