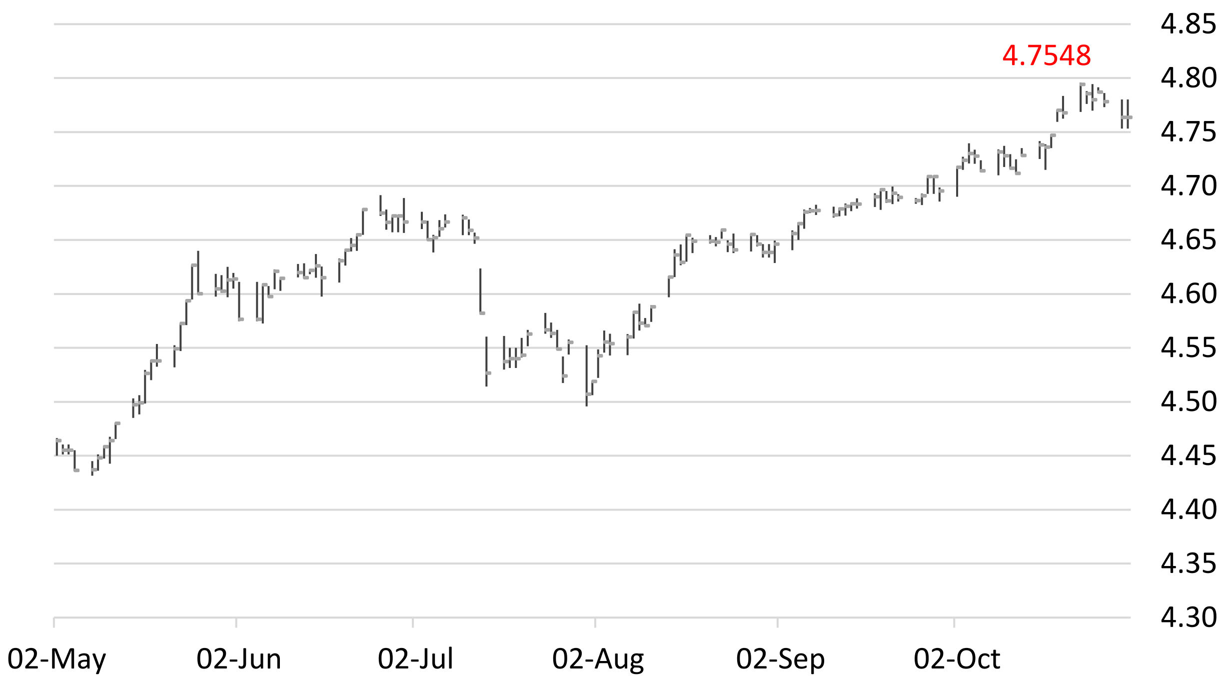
31 October 2023

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bearish

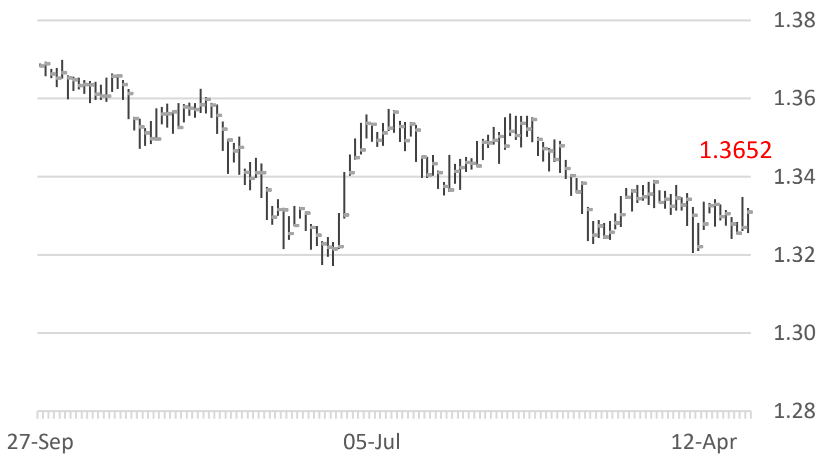
USD/MYR opened 0.18% lower at 4.7550 and hovered at 4.7548 at the point of writing. Daily outlook is slightly bearish given the downward trajectory post opening. Overnight, DXY slipped to 106.12 from its intraday peak of 106.70, closing the day 0.4% d/d lower while the Dallas Fed Manufacturing Activity index unexpectedly worsened to -19.2 in October, not supportive of the USD. There will be a slew of economic indicators scheduled on deck before the FOMC meeting, with the Employment Cost Index, Conference Board Consumer Confidence as well as FHFA and S&P CoreLogic house prices indices up tonight.

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	4.7387	4.7511	4.7548	4.7781	4.7927

USD/SGD



USD/SGD Neutral

USD/SGD opened flat at 1.3643 and has largely traded range bound between 1.3643-1.3656 range before settling at 1.3652 at the point of writing. As such, we have a neutral view for this pair, eyeing a trading range between 1.3615 and 1.3692 and largely USD driven.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3587	1.3615	1.3652	1.3692	1.3741

MYR Crosses

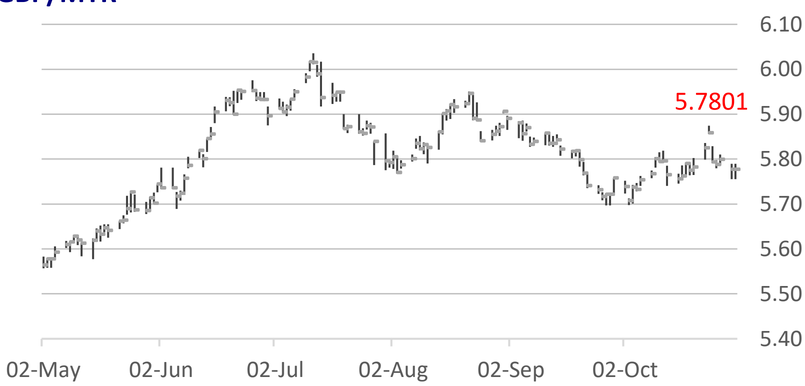
SGD/MYR

SGD/MYR Neutral-to-Slightly Bearish

SGD/MYR opened 0.07% higher at 3.4893 before paring its gains to trade at 3.4845 at the point of writing. Daily outlook is neutral-to-slightly bearish given SGD weakness against regionals, with support levels seen at 3.4746 (S1) and 3.4625 (S2) respectively.

5	S2	S1	Indicative	R1	R2
SGD/MYR	3.4625	3.4746	3.4845	3.4939	3.5011

GBP/MYR



GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.30% higher at 5.7941 but pared some of its gains to trade at 5.7801 at the point of writing. Daily outlook is neutral-to-slightly bullish as GBP/USD held firm above the 1.2140 level, while MYR weakened against G10 currencies. This pair will meet resistance levels at 5.7925 (R1) and 5.8080 (R2) respectively, with the BOE and BNM meets the key risk for this pair.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.7396	5.7583	5.7801	5.7925	5.8080

AUD/MYR

AUD/MYR Neutral-to-Slightly Bearish

AUD/MYR opened 0.01% lower at 3.0334 and slid to 3.0272 at the point of writing. Dailly outlook is neutral-to-slightly bearish after the China's PMI weakened more than expected this morning, sending AUD/USD tumbling to 0.6363 at the point of writing. This pair, will nonetheless, be supported by S1 and S2 of 3.0213 and 3.0086 respectively.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0086	3.0213	3.0272	3.0407	3.0474

Source: Bloomberg, HLBB Global Markets Research

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