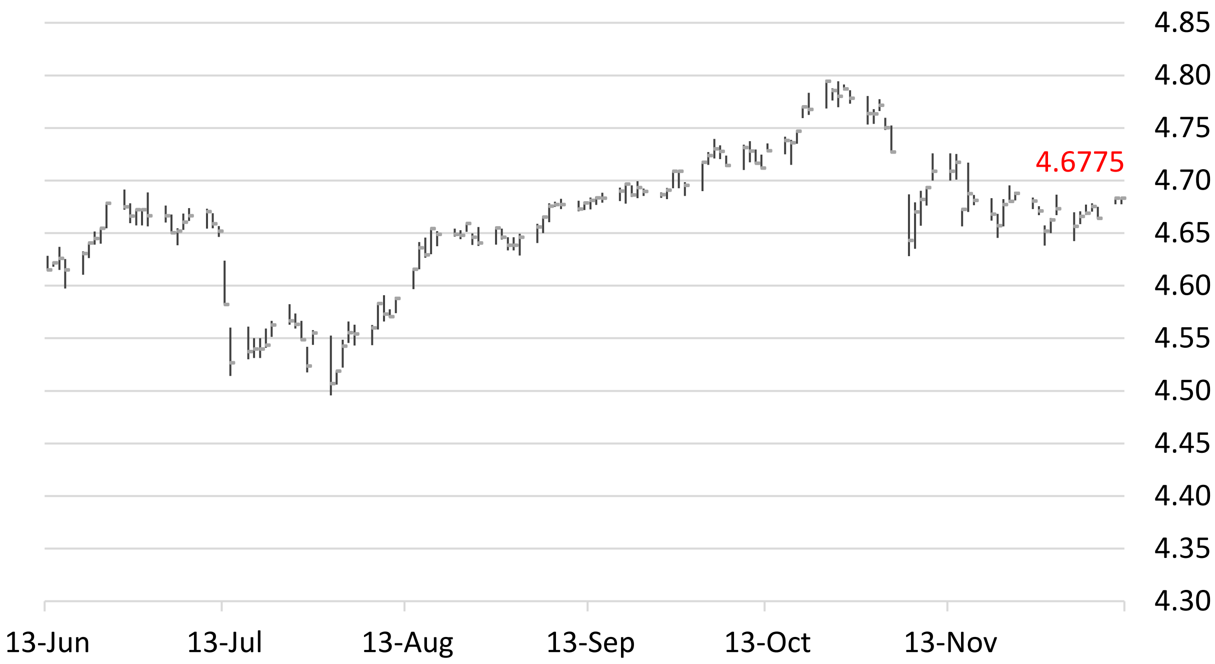
12 December 2023

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 4.6832 and slid to 4.6775 at the point of writing. Daily outlook is neutral-to-slightly bearish as most Asian currencies gained vis-à-vis USD amidst mild risk appetite. However, we do not expect traders to place huge bets in the run-up to the CPI print today, thus capping any losses at 4.6718 (S1) and 4.6643 (S2) respectively. As it is, consensus is expecting headline to ease to 3.1% y/y in November, while core to hold steady at +4.0% y/y. Wednesday will follow up with the Fed's latest monetary policy decision as well as Fed dot plot.

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

The USD/MYR outlook is neutral-to-slightly bearish in our view, as the USD has recently been more vulnerable as the end of the Fed tightening cycle looks to be upon us and inflation continues to ease. Fed officials also appear to be more comfortable with the current level of policy rates, as reflected in recent dovish Fed speaks. On the data front, indicators continue to point to resilient economic activity and a still decent labour market, although some of the more forward-looking indicators are starting to indicate that growth could start to taper off in 4Q. Domestically, MYR will be supported by expectations for an extended pause in OPR. BNM maintained a neutral stance in its latest MPC statement, highlighting that the prevailing OPR level is consistent with the current assessment of the inflation and growth outlook.

	S2	S1	Indicative	R1	R2
USD/MYR	4.6643	4.6718	4.6775	4.6868	4.6943

USD/SGD

USD/SGD Neutral-to-Slightly Bearish

USD/SGD opened flat at 1.3438 and slid to 1.3429 at the point of writing. We have a neutral-to-slightly bearish outlook for this pair after DXY barely held onto the 104 level overnight, drifting down from its session high of 104.26 to close at 104.10. Support levels for this pair are seen at 1.3413 (S1) and 1.3393 (S2) respectively.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3393	1.3413	1.3429	1.3441	1.3453

MYR Crosses

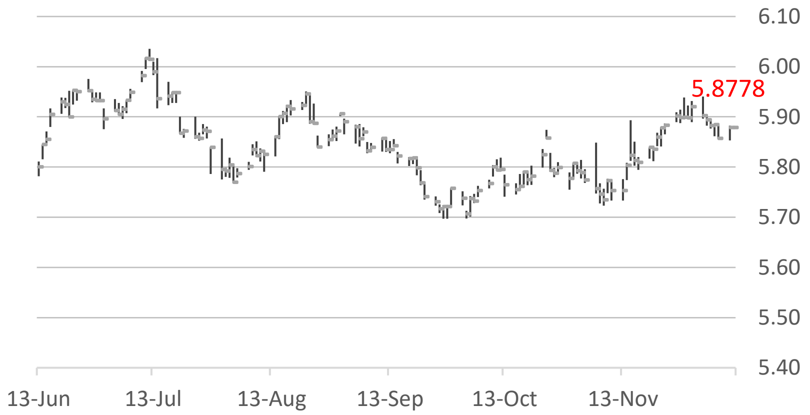
SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened flat at 3.4848, slid to as low as 3.4812 before paring its losses to trade at 3.4831 at the point of writing. Because of this, we have a neutral-to-slightly bullish outlook for this pair, expecting the pair to meet resistance at 3.4857 (R1) and 3.4874 (R2) respectively.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.4808	3.4825	3.4831	3.4857	3.4874

GBP/MYR



GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened flat at 5.8789, traded within the 5.8744-5.8822 range before settling at 5.8778 at the point of writing. Daily outlook is neutral-to-slightly bullish given the upward momentum post-opening as well as GBP strength. GBP recovered some ground against the USD in early morning trade, strengthening to 1.2569 at the point of writing but investors will be closely watching out for the UK labour data today.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.8736	5.8754	5.8778	5.8809	5.8841

AUD/MYR

AUD/MYR Neutral-to-Slightly Bullish

AUD/MYR opened 0.13% higher at 3.0748 and strengthened further to 3.0759 at the point of writing. Daily outlook is neutral-to-slightly bullish on AUD strength after a slightly hawkish sentiment from RBA Governor Bullock this morning, where she commented that "Don't think we are falling behind in the inflation fight." Data this morning, meanwhile, was mixed. The Westpac Consumer Confidence index improved to 82.1 in December, but the NAB Business Confidence/Conditions worsened.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0707	3.0726	3.0759	3.0765	3.0785

Source: Bloomberg, HLBB Global Markets Research

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