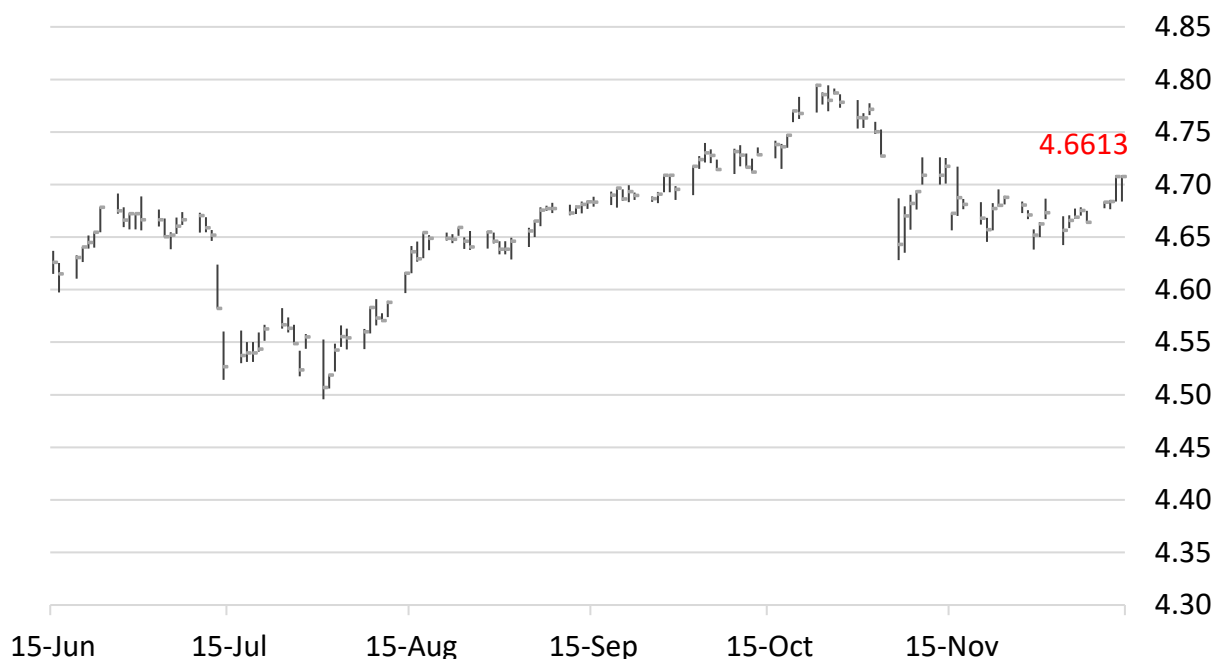


14 December 2023

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Bearish

USD/MYR opened 1.02% lower at 4.6597 before paring some of its losses to trade at 4.6613 at the point of writing. Daily outlook is bearish as USD weakened after Fed pencilled in a sharper pace of rate cuts than its September's projection for the year 2024. The DXY dropped sharply to 102.70 at the point of writing, while Treasury yields tumbled between 13-30bps across the curve. Data overnight also showed that headline and core producer price inflation (PPI) was muted in November, adding to signs that inflation rate will continue to ease going forward and supporting Fed's dovish stance. Next up will be the jobless claims and retail sales data today.

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 inflation rate continues to ease and after the Fed sent its strongest ever signal that the Fed funds rate have peaked at this level. The latest dot plot also suggests 3 rate cuts (75bps) in 2024 and 4 rate cuts (100bps) in 2025, and this dovish pivot does not bode well for the USD. On the data front, indicators point to softening economic activity but a still decent labour market, reaffirming expectations of a soft landing for the US economy. 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	4.6461	4.6521	4.6613	4.6641	4.6701

USD/SGD

USD/SGD Neutral-to-Slightly Bearish

USD/SGD opened flat at 1.3331 and slid to 1.3314 at the point of writing. Daily outlook is neutral-to-slightly bearish on account of USD weakness, eyeing support levels of 1.3287 (S1) and 1.3222 (S2) respectively.



	S2	S1	Indicative	R1	R2
USD/SGD	1.3222	1.3287	1.3314	1.3417	1.3482

MYR Crosses

SGD/MYR

SGD/MYR Neutral-to-Slightly Bearish

SGD/MYR opened 0.82% higher at 3.5322 before paring all its losses and more to trade at 3.5021 at the point of writing. We have a neutral-to-slightly bearish outlook for this pair given the higher opening was offset by the downward trajectory subsequent to that while higher oil prices and a dovish Fed are expected to provide boost to risk-sensitive MYR.



	S2	S1	Indicative	R1	R2
SGD/MYR	3.4700	3.4829	3.5021	3.5211	3.5464

GBP/MYR

GBP/MYR Neutral-to-Slightly Bearish

GBP/MYR opened 0.75% higher at 5.9413 but retreated to 5.8927 at the point of writing. Daily outlook is neutral-to-slightly bearish as GBP weakened and Gilts rallied after October's GDP miss. Nonetheless, since we do not expect BOE to show similar dovish hold today, we expect any losses to be capped at 5.8577 (S1) and 5.8356 (S2) respectively.



	S2	S1	Indicative	R1	R2
GBP/MYR	5.8356	5.8577	5.8926	5.9230	5.9661

AUD/MYR



AUD/MYR Bullish

AUD/MYR opened 1.69% higher at 3.1377 before paring some of its gains to trade at 3.1252 at the point of writing. Daily outlook is bullish as we expect AUD/USD to catch a risk-bid following Fed's dovish pivot. Labour data this morning, meanwhile, showed that employment change unexpectedly improved to +61.5k in November (Oct: +42.7k) but unemployment rate worsened to 3.9% (3.8%).

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0809	3.0932	3.1252	3.1290	3.1521

Source: Bloomberg, HLBB Global Markets Research

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my**DISCLAIMER**

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter.

Potential and actual conflict of interest may arise from the activities of HLB Group. HLB Group constitute a diversified financial services group. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and other activities for their own account or the account of others. In the ordinary course of their business, HLB Group may effect transactions for their own account or for the account of their customers and hold long or short positions in the financial instruments. HLB Group, in connection with its business activities, may possess or acquire material information about the financial instruments. Such activities and information may involve or have an effect on the financial instruments. HLB Group have no obligation to disclose such information about the financial instruments or their activities.

The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.