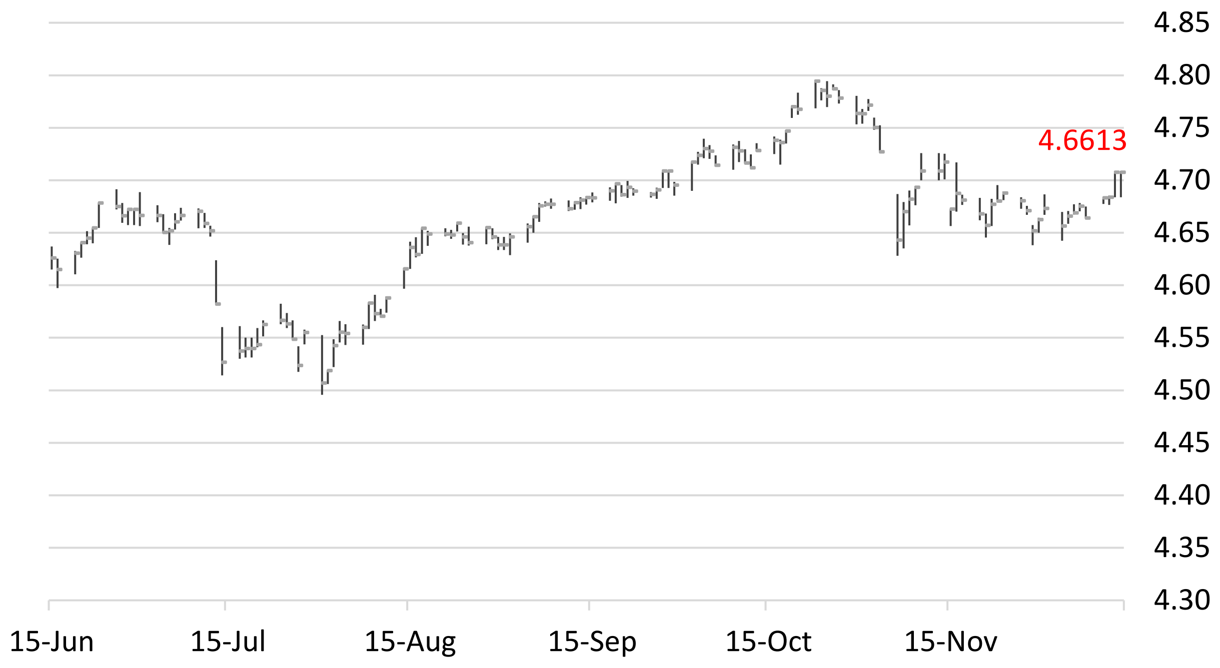
14 December 2023

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 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

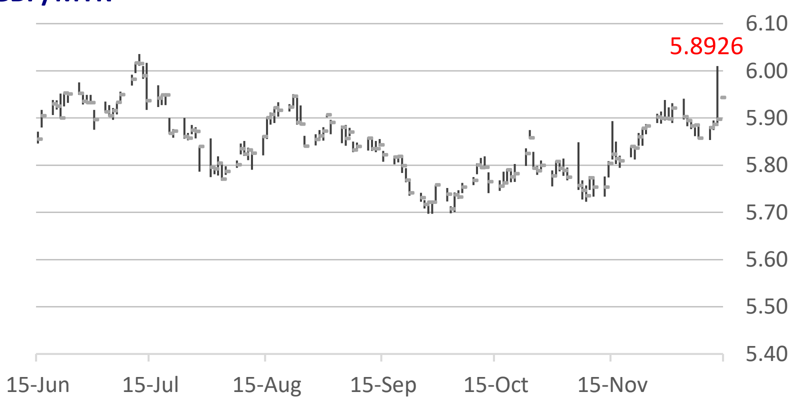
SGD/MYR

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

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