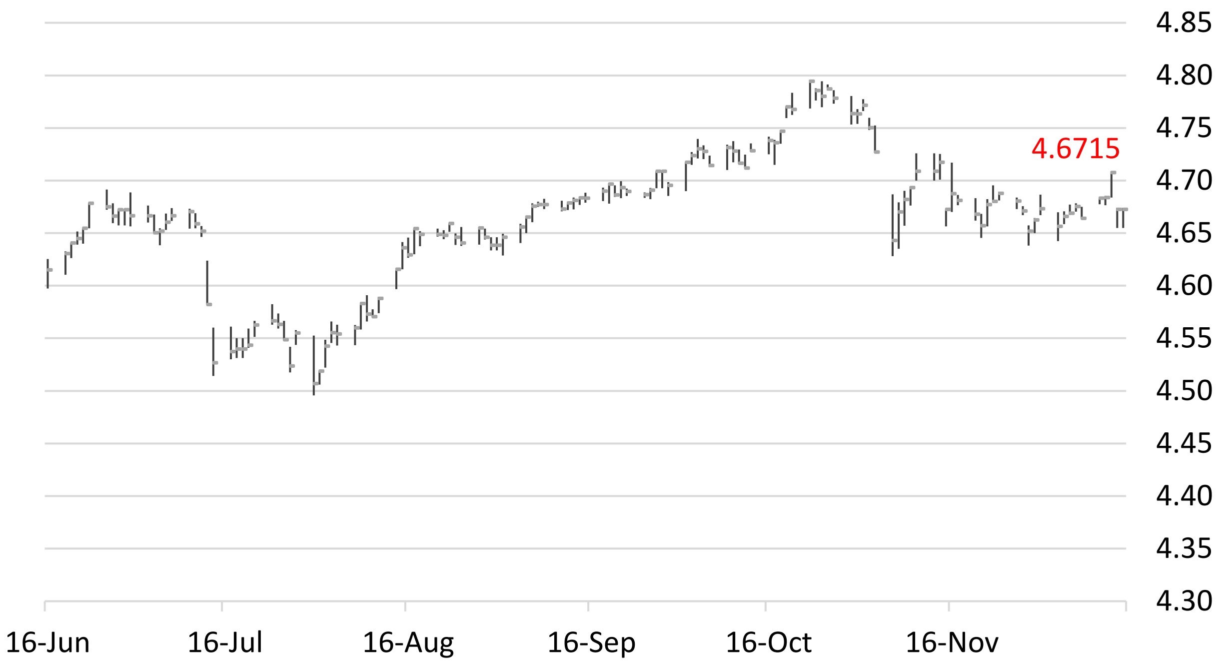
15 December 2023

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bearish

USD/MYR opened 0.27% lower at 4.6597 before quickly paring some of its losses to trade at 4.6715 at the point of writing. Daily outlook is neutral-to-slightly bearish given the lower opening as well on USD weakness due to decline in Treasury yields overnight following Fed's dovish pivot. However, we noted that the DXY rebounded above the 102-handle this morning after a slew of positive economic data, from retail sales to jobless claims, capping losses for this pair. Data on deck tonight includes the S&P PMIs, IPI and Empire State Manufacturing Index.

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	4.6523	4.6616	4.6715	4.6768	4.6972

USD/SGD

USD/SGD Neutral-to-Slightly Bullish

USD/SGD opened flat at 1.3274, rose to as high as 1.3295 before retreating to 1.3291 at the point of writing. Daily outlook is neutral-to-slightly bullish given the upper trajectory post opening and SGD strength. This pair will face resistance levels at 1.3295 (R1) and 1.3309 (R2) respectively.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3251	1.3266	1.3291	1.3295	1.3309

MYR Crosses

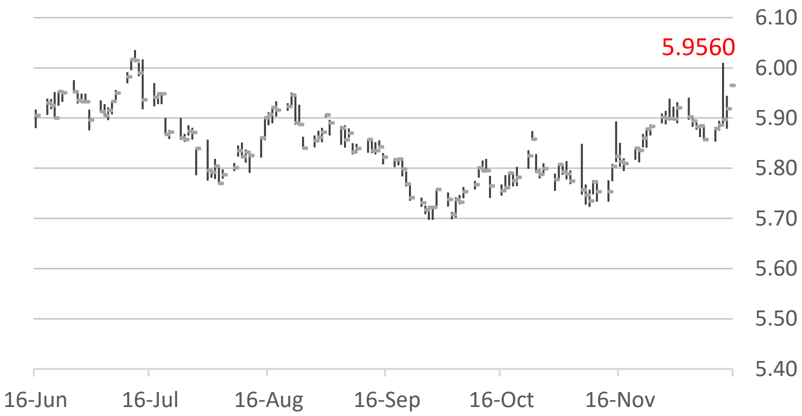
SGD/MYR

SGD/MYR Neutral-to-Slightly Bearish

SGD/MYR opened 0.11% higher at 3.5171, traded within 3.5077-3.5175 range before settling around the 3.5132 level at the point of writing. Daily outlook is neutral-to-slightly bearish on account of SGD weakness, while MYR will benefit from the higher oil prices. This pair will nonetheless be supported at 3.5104 (S1) and 3.5041 (S2).

	S2	S1	Indicative	R1	R2
SGD/MYR	3.5041	3.5104	3.5132	3.5192	3.5237

GBP/MYR



GBP/MYR Slightly Bullish

GBP/MYR opened 0.82% higher at 5.9672 before erasing some of its gains to trade at 5.9560 at the point of writing. Daily outlook is slightly bullish as the pair held firmly above the 5.9500 level in early morning trade and GBP/USD above 1.2755. GBP will benefit from a hawkish hold, as per the BOE statement as well as Governor Andrew Bailey's comments.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.9417	5.9449	5.9560	5.9668	5.9755

AUD/MYR

AUD/MYR Neutral-to-Slightly Bearish

AUD/MYR opened 0.10% lower at 3.1318 and slid to 3.1298 at the point of writing. Daily outlook is neutral-to-slightly bearish given the lower opening trajectory post opening, weighed down by the still contractionary Australia's PMIs this morning. Capping losses is a firm AUD/USD at 0.6700 as well as improved retail sales and IPI data from China. Fixed asset investment and jobless rate data, meanwhile, remained largely stable.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.1205	3.1246	3.1298	3.1334	3.1370

Source: Bloomberg, HLBB Global Markets Research

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