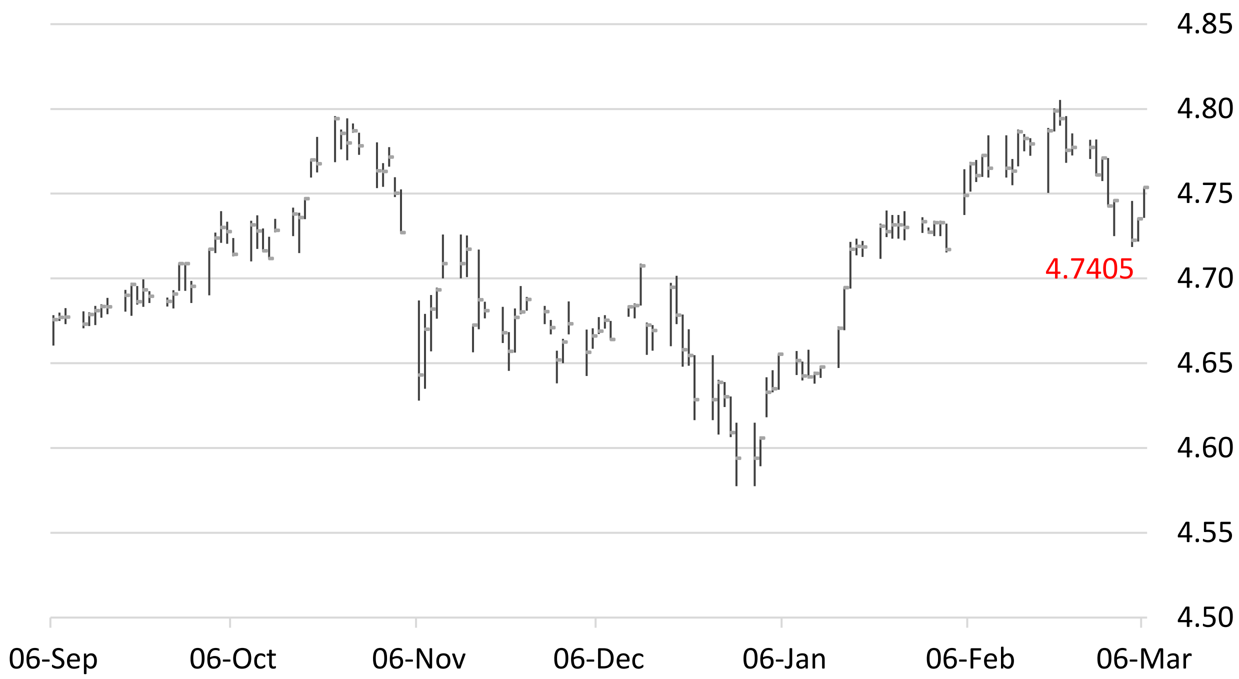
6 March 2024

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bullish

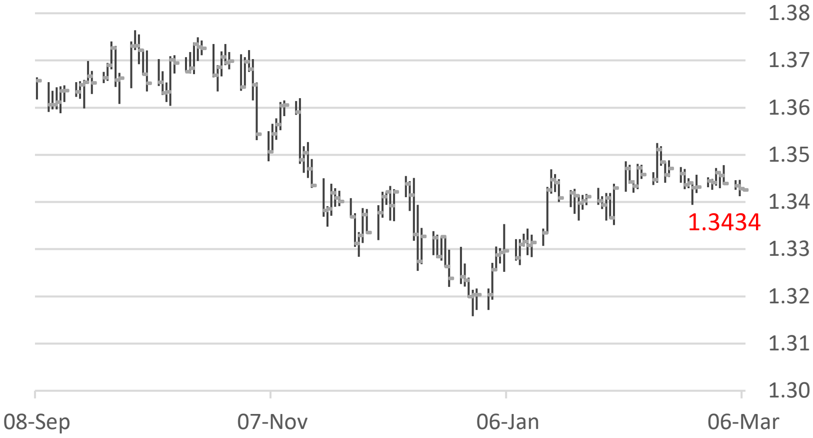
USD/MYR opened 0.13% higher at 4.7415 before erasing some of its gains to trade at 4.7405 at the point of writing. Daily outlook is neutral-to-slightly bullish as DXY strengthened slightly to 103.88 at the point of writing. Investors turned defensive in the run-up to Jerome Powell's testimony to Congress, but gains will be capped after both the US services ISM and factory orders undershot expectations. Looking ahead, we will be watching out for the slew of US labour data scheduled and the domestic front, BNM's monetary policy decision.

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

The USD/MYR outlook is neutral-to-slightly bearish in our view, as markets shifted to when and how much the Fed will ease its policy as price prints continue to moderate. However, we expect downside to be capped given the push-backs on rate cut bets, after the CPI prints and labour data came in stronger than expected, while forward looking indicators point to solid economic activity but this does not change our view that the Fed will only start cutting rates towards mid-2024. Domestically, MYR will be supported by expectations for an extended pause in OPR, as recovery in exports, sustained domestic demand and upside risk to inflation amid imminent subsidy cuts should shield BNM from any OPR cut.

	S2	S1	Indicative	R1	R2
USD/MYR	4.7171	4.7262	4.7405	4.7445	4.7582

USD/SGD



USD/SGD Neutral

USD/SGD opened flat at 1.3428 and strengthened to 1.3434 at the point of writing. Daily outlook is neutral given the lack of catalyst in Singapore and as investors await Powell's testimony and labour data on the US front. We are eyeing trading range between 1.3411-1.3446

	S2	S1	Indicative	R1	R2
USD/SGD	1.3394	1.3411	1.3434	1.3446	1.3464

MYR Crosses

SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.08% higher at 3.5259 and strengthened to 3.5309 at the point of writing. Daily outlook is neutral-to-slightly bullish given the pair is slightly oversold and on expectations that a risk-off mood will benefit SGD rather than MYR. This pair will nonetheless face resistance at 3.5366 (R1) and 3.5493 (R2).

	S2	S1	Indicative	R1	R2
SGD/MYR	3.5126	3.5178	3.5309	3.5366	3.5493

GBP/MYR

GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.20% higher at 6.0188 but pared some of its gains to trade at 6.0186 at the point of writing. Daily outlook is neutral-to-slightly bullish because of the higher opening, but gains will be capped as GBP/USD is clinging just below the crucial resistance of 1.2700. Investors are cautiously awaiting UK's Spring budget to be outlined by Chancellor Jeremy Hunt today, with focus on a potential $10bn tax cut.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.9888	5.9979	6.0186	6.0164	6.0302

AUD/MYR

AUD/MYR Neutral-to-Slightly Bullish

AUD/MYR opened 0.31% higher at 3.0810 and strengthened to 3.0828 at the point of writing. Daily outlook is neutral-to-slightly bullish given the higher opening and after AUD/USD showed little response to the latest GDP print. AUD/USD weakened slightly from its intra-day high of 0.6508 to 0.6502 at the point of writing after 4Q GDP expectedly eased to +0.2% q/q from +0.3% q/q previously. Gains for AUD will also be capped by lower commodity prices overnight as well as investors' nonchalant towards China's growth target for 2024.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0592	3.0653	3.0828	3.0826	3.0943

Source: Bloomberg, HLBB Global Markets Research

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