

7 February 2024

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bearish

USD/MYR opened 0.03% lower at 4.7663 and slid to 4.7625 at the point of writing. Daily outlook is neutral-to-slightly bearish on USD weakness and MYR strength, the latter supported by expectations that China is likely to announce forceful economic measures to bolster investor confidence. Overnight, speeches from Fed officials continued to echo Jerome Powell's signal that the central bank is in no rush to ease policy. Fed Bank of Cleveland President Loretta Mester said that policy makers will probably gain confidence to cut rates "later this year," while Neel Kashkari said that more progress is needed on the substantial improvement in inflation. Key risk for this pair today will be Malaysia's IPI and manufacturing sales data as well as consumer credit, trade balance and mortgage applications indicators on the US front.

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 by a still resilient USD. The January FOMC statement showed policy makers are pushing back timing of the first rate cut, and economic data continues to point to resilient economic activity (the Fed said it is solid), although some of the more forward-looking indicators and job data are starting to indicate that growth could start to taper off in 1Q and as such, there is no change in 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	4.7451	4.7564	4.7625	4.7739	4.7801

USD/SGD

USD/SGD Neutral-to-Slightly Bearish

USD/SGD opened 0.01% lower at 1.3441 and quickly slid to 1.3422 at the point of writing. Daily outlook is neutral-to-slightly bearish given that it is slightly overbought, but we expect this pair to be supported at 1.3413 (S1) and 1.3373 (S2) respectively. This pair will continue to be USD and sentiment driven in the absence of economic data on the Singapore front this week.



	S2	S1	Indicative	R1	R2
USD/SGD	1.3373	1.3413	1.3422	1.3468	1.3493

MYR Crosses

SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.14% higher at 3.5465 and strengthened to 3.5482 at the point of writing. Daily outlook is neutral-to-slightly bullish given SGD strength, facing resistance at 3.5544 (S1) and 3.5712 (S2) respectively. As mentioned earlier, Malaysia is set to publish its December's IPI data which could set the tone for the pair later in the day. As it is, expectations is that it will hold steady at +0.6% y/y.



	S2	S1	Indicative	R1	R2
SGD/MYR	3.5208	3.5313	3.5482	3.5544	3.5712

GBP/MYR

GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.44% higher at 6.0065 before paring some of its gains to trade at 6.0047 at the point of writing. Daily outlook is neutral-to-slightly bullish given the strong opening and GBP strength against G10, facing resistance at 6.0070 (R1) and 6.0398 (R2). In BoE speak, BOE dove Swati Dhingra, the sole policy maker who voted to cut rates during the last meeting, said that sees a risk of profound hit to the UK economy.



	S2	S1	Indicative	R1	R2
GBP/MYR	5.9414	5.9607	6.0047	6.0070	6.0398

AUD/MYR



AUD/MYR Slightly Bullish

AUD/MYR opened 0.48% higher at 3.1113 and strengthened to 3.1138 at the point of writing. Daily outlook is slightly bullish as AUD/USD continued to climb higher after RBA maintained its cash rates and hawkish tilt, not ruling out further rate hikes.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0675	3.0820	3.1138	3.1195	3.1455

Source: Bloomberg, HLBB Global Markets Research

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