9 February 2024

Global Markets Research

Daily Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bullish

USD/MYR opened flat at 4.7725 before trending up to 4.7790 at the point of writing. Daily outlook is neutral-to-slightly bullish given the upper trajectory post opening, with the USD supported by robust labour data overnight and after the S&P 500 hit intraday high of 5000 points, potentially signalling favourable corporate earnings moving forward. It will be quiet on the data front to drive the pair, especially since most regional markets will be closed for the Lunar New Year.

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	4.7558	4.7642	4.7790	4.7808	4.7933

USD/SGD

USD/SGD Neutral

USD/SGD opened flat at 1.3472 before sliding slightly to 1.3468 at the point of writing. Daily outlook is neutral, eyeing a trading range of 1.3439-1.3493 given the lack of drivers to the pair today. We expect more movement to the pair next week given that the US CPI is on deck as well as Singapore's final 4Q GDP and Budget 2024.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3406	1.3439	1.3468	1.3493	1.3514

MYR Crosses

SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.18% lower at 3.5422, rose as high as 3.5519 before retreating and settling at 3.5490 at the point of writing. Daily outlook is neutral-to-slightly bullish on SGD strength this morning, but this pair will face strong resistance at 3.5508 (R1) and 3.5529 (R2) respectively given its overbought position.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.5415	3.5451	3.5490	3.5508	3.5529

GBP/MYR

GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.11% lower at 6.0212 before rebounding to 6.0305 at the point of writing. Daily outlook is neutral-to-slightly bullish given GBP strength against its G10 peers, but gains seen as capped after GBP faced sharp selling pressure in Thursday's early New York session after investors rush for safe-haven assets as Israel's Prime Minister Benjamin Netanyahu rejected the proposal of a ceasefire with Hamas.

	S2	S1	Indicative	R1	R2
GBP/MYR	6.0041	6.0160	6.0305	6.0347	6.0415

AUD/MYR

AUD/MYR Neutral-to-Slightly Bearish

AUD/MYR opened 0.20% lower at 3.1005 and partially erased some of its losses to trade at 3.1026 at the point of writing. Daily outlook is neutral-to-slightly bearish on AUD weakness, as AUD/USD pair extends its downside and holds below the 0.6500 mark during the early Asian session on Friday.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0980	3.1024	3.1026	3.1122	3.1176

Source: Bloomberg, HLBB Global Markets Research

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