11 January 2024

Global Markets Research

Daily Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral

USD/MYR opened 0.01% higher at 4.6425 before retreating to 4.6403 at the point of writing. Daily outlook is neutral. While optimism over easing US inflation print may have boosted sentiment, we expect investors to largely stay on the sideline ahead of the US CPI print and Malaysia's IPI data. As it is, market is expecting US core-CPI to ease to +3.8% y/y in December, and we are eyeing trading range between 4.6336-4.6433 for this pair today.

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. While this has pressured the USD of late and should continue to do so, economic data continues to point to resilient economic activity and a still decent labor market, although some of the more forward-looking indicators 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	4.6266	4.6336	4.6403	4.6433	4.6476

USD/SGD

USD/SGD Neutral-to-Slightly Bearish

USD/SGD opened flat at 1.3316 before trending lower to 1.3301 at the point of writing. Given that this direction is predominantly USD driven and there are no data scheduled on the Singapore front, outlook is neutral-to-slightly bearish given the downward trajectory post opening but losses will likely be limited as all eyes will be on the US CPI tonight. The pair is supported at 1.3300 (S1) and 1.3293 (S2) respectively.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3293	1.3300	1.3301	1.3317	1.3328

MYR Crosses

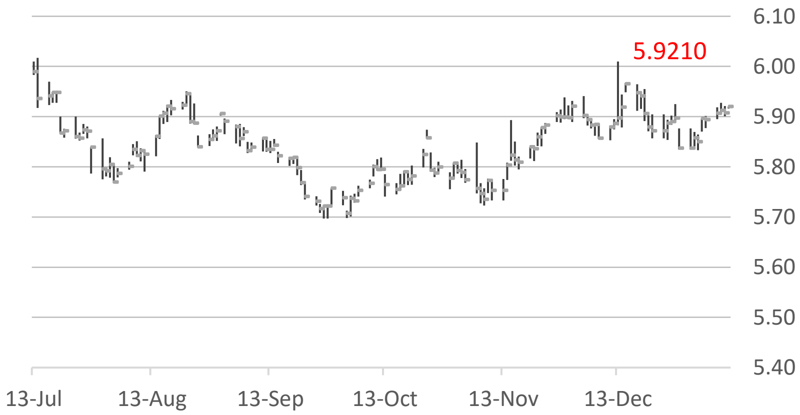
SGD/MYR

SGD/MYR Neutral

SGD/MYR opened flat at 3.4867, slid to 3.4851 before jumping to 3.4910 at the point of writing. We prefer to stay neutral pending Malaysia's IPI and US CPI data today, eyeing trading range between 3.4864 and 3.4924.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.4828	3.4864	3.4910	3.4924	3.4937

GBP/MYR

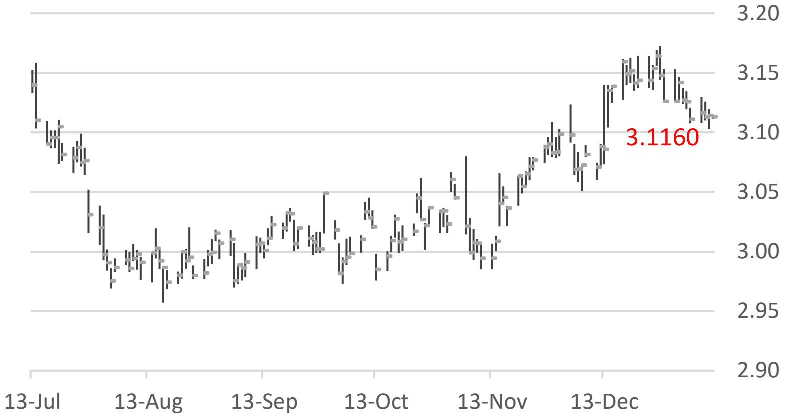


GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.15% higher at 5.9160 and strengthened further to 5.9210 at the point of writing. Daily outlook is neutral-to-slightly bullish on GBP strength. In BOE's latest testimony to the Parliament, officials said that investor exuberance is the biggest risks to financial stability this year and that mortgage borrowers are coping with the climb in interest rates but the process for adjustment is not over.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.9072	5.9132	5.9210	5.9252	5.9310

AUD/MYR



AUD/MYR Neutral-to-Slightly Bullish

AUD/MYR opened 0.10% lower at 3.1111 but trended up to 3.1160 at the point of writing. Daily outlook is neutral-to-slightly bullish on the back of AUD strength, benefitting from the favourable data this morning. Australia's export growth accelerated to +1.7% y/y in November, sending the trade surplus widening more than expected to A$11.4b.

arc	S2	S1	Indicative	R1	R2
AUD/MYR	3.1092	3.1128	3.1160	3.1183	3.1201

Source: Bloomberg, HLBB Global Markets Research

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