12 January 2024

Global Markets Research

Daily Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral

USD/MYR opened 0.03% higher at 4.6452, retreated to as low as 4.6420 before settling at 4.6430 at the point of writing. Given that the Dollar closed little changed overnight as investors largely shrugged off the higher-than-expected CPI print and as investors await more inflation data and kick-off of the earnings season today, we have a neutral outlook for this pair. As it is, markets continued to price in the first rate cut in March despite Cleveland President Loretta Mester saying that it was too premature to consider a cut then.

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	4.6363	4.6399	4.6430	4.6470	4.6505

USD/SGD

USD/SGD Neutral

USD/SGD opened flat at 1.3308 before sliding to 1.3298 at the point of writing. Daily outlook is neutral in a tug of war between USD and SGD weakness against G10 currencies. We are eyeing trading range between 1.3294-1.3328 as investors await more US inflation indicators and bank earnings.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3276	1.3294	1.3298	1.3328	1.3345

MYR Crosses

SGD/MYR

SGD/MYR Neutral

SGD/MYR opened 0.02% higher at 3.4922, traded within the 3.4914-3.4933 range before settling at 3.4902 at the point of writing. Given that this pair has largely traded within a narrow range this morning, we also have neutral outlook for this pair with a trading range of 3.4878-3.4944.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.4845	3.4878	3.4914	3.4944	3.4977

GBP/MYR

GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.34% higher at 5.9362 before paring some of its gains to trade at 5.9356 at the point of writing. Daily outlook is neutral-to-slightly bullish as GBP/USD held positive ground in anticipation of a rebound in monthly GDP to +0.2% In November from -0.3% m/m previously. This pair will face resistance at 5.9392 (R1) and 5.9472 (R2) respectively.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.9148	5.9228	5.9356	5.9392	5.9472

AUD/MYR

AUD/MYR Neutral

AUD/MYR opened 0.14% lower at 3.1121 but pared some of its losses to trade at 3.1157 at the point of writing. We have a neutral outlook for this pair as although AUD/USD rebounded this morning, it is expected to remain weak with data this morning showing that Australia's home loans growth slowed sharply to +1.0% m/m in November, while China's deflationary pressures persist in December (CPI: -0.3% y/y and PPI: -2.7% y/y).

arc	S2	S1	Indicative	R1	R2
AUD/MYR	3.1051	3.1094	3.1157	3.1168	3.1195

Source: Bloomberg, HLBB Global Markets Research

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