12 March 2024

Global Markets Research

Daily Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bearish

USD/MYR opened flat at 4.6818, slid to as low as 4.6750 before clawing back some of its losses to trade at 4.6803 at the point of writing. Daily outlook is neutral-to-slightly bearish on MYR strength, but any losses will be capped given that this pair is oversold and expectations that traders will largely stay cautious ahead of the US CPI print tonight, where consensus is expecting headline prices to hold steady at +3.1% in February, while core eases to +3.7% y/y from +3.9% y/y previously. On the domestic front, Malaysia manufacturing sales and IPI data is on deck and expectations that it will pick up to +0.1% y/y for the latter for January.

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 to June, after the CPI prints and still resilient although less tight labour market, 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	4.6717	4.6753	4.6803	4.6815	4.6851

USD/SGD

USD/SGD Neutral-to-Slightly Bullish

USD/SGD opened flat at 1.3304, traded within 1.3298-1.3309 before settling at 1.3306 at the point of writing. Daily outlook is neutral-to-slightly bullish on SGD weakness against G10, but gains largely capped as investors await US CPI print. This pair will face resistance at 1.3310 (R1) and 1.3314 (R2) respectively.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3296	1.3301	1.3306	1.3310	1.3314

MYR Crosses

SGD/MYR

SGD/MYR Neutral-to-Slightly Bearish

SGD/MYR opened 0.05% lower at 3.5189 and slid to 3.5170 at the point of writing. Daily outlook is neutral-to-slightly bearish, with the key risk being Malaysia's IPI data today as well as its slightly oversold position. Losses will be supported at 3.5149 (S1) and 3.5125 (S2) respectively.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.5125	3.5149	3.5170	3.5194	3.5215

GBP/MYR

GBP/MYR Neutral-to-Slightly Bearish

GBP/MYR opened 0.20% lower at 6.0003 and slid further to 5.9982 at the point of writing. Daily outlook is neutral-to-slightly bearish as the GBP/USD pair remains on the defensive above the 1.2800 support during the early Asian trading hours. Key risk will be Catherine Mann's comments that inflation remains too strong for the central bank to meet its 2% target as well as well as UK's labour data.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.9895	5.9940	5.9982	6.0017	6.0049

AUD/MYR

AUD/MYR Neutral-to-Slightly Bearish

AUD/MYR opened 0.07% lower at 3.0965 and slid to 3.0953 the point of writing. Daily outlook is neutral-to-slightly bearish as AUD/USD started Tuesday session with minuscule losses, hit by lower iron ore prices on oversupply concerns as well as dovish comments from RBA's Assistant Governor Sarah Hunter that households are clearly struggling at the moment.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0903	3.0940	3.0953	3.0989	3.1012

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