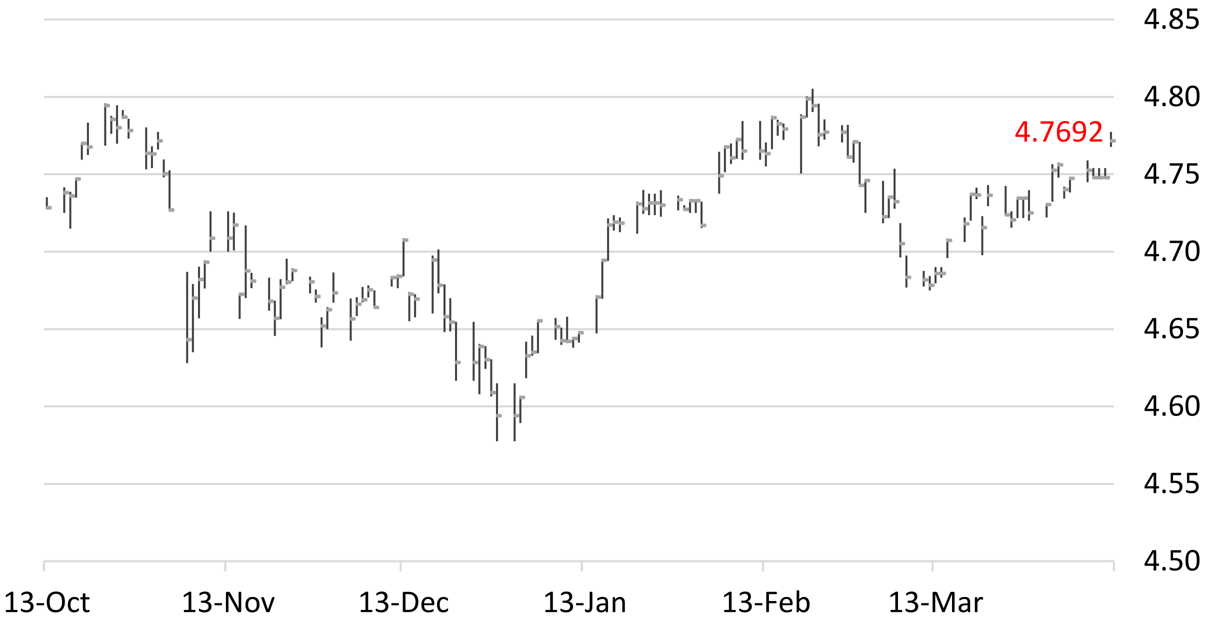
12 April 2024

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bullish

USD/MYR opened 0.46% higher at 4.7695 before slipping slightly to 4.7692 at the point of writing. Daily outlook is neutral-to-slightly bullish given a positive sentiment towards USD, firmly supported by hawkish Fed speaks as well as lingering inflation concerns which saw traders pushing back expectations of the first rate cut towards the September/November monetary policy meeting. Data recently showed that CPI came in hotter than expected again, with headline accelerating to +3.5% y/y while core held steady at +3.8% y/y, while PPI accelerated, albeit less than expected, to its fastest pace in nearly a year at +2.1% y/y. Meanwhile, President Susan Collins said the urgency to cut the Fed funds rates is lower, while John Williams said that the Fed will likely maintain its cautious approach to cutting rates, all supportive for USD. Today, we will see the kick-off of the earnings seasons as well as the rolling out of the University of Michigan sentiment data.

1-Month Outlook – USD/MYR Neutral-to-Slightly Bearish

The USD/MYR outlook is neutral-to-slightly bearish in our view, as markets remain focused on 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 recent rumble of hawkish Fed speaks who reiterated that it is still too soon to start cutting rates and amidst trimmed rate cuts bets, in terms of timing and quantum after the still solid non-farm payroll and still elevated inflationary pressures. Forward looking indicators point to solid economic activity, with the latest ISMs all in expansionary territory. 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	4.7528	4.7626	4.7692	4.7822	4.7920

USD/SGD

USD/SGD Neutral-to-Slightly Bullish

USD/SGD opened flat at 1.3531 and strengthened to 1.3538 at the point of writing. Daily outlook is neutral-to-slightly bullish as DXY held firmly above the 105-handle and on the Singapore front, the softer than expected 1Q GDP released this morning saw SGD tumbling against most G10 and regional currencies.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3507	1.3520	1.3538	1.3546	1.3559

MYR Crosses

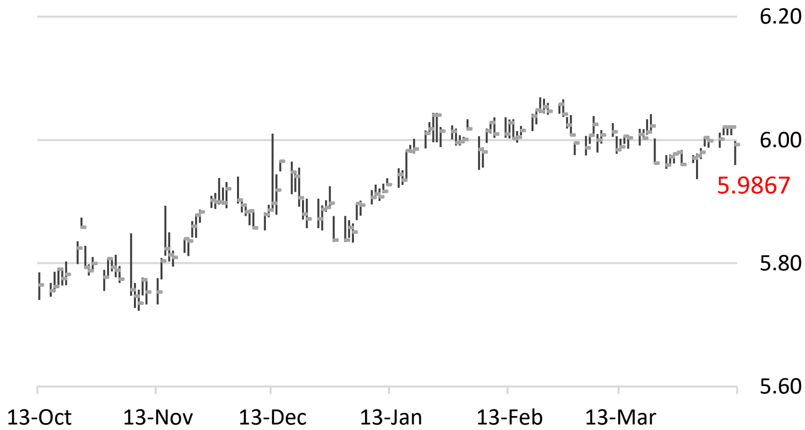
SGD/MYR

SGD/MYR Neutral-to-Slightly Bearish

SGD/MYR opened 0.53% lower at 3.5099 but pared its losses to trade to 3.5223 at the point of writing. Daily outlook is neutral-to-slightly bearish given the lower opening and SGD weakness post Singapore GDP data. Nonetheless, we expect losses to be largely capped after the MAS maintained its monetary policy stance and added that the prevailing rate of appreciation of the policy band is needed to contain imported inflation and domestic cost pressures.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.4731	3.4967	3.5223	3.5440	3.5677

GBP/MYR



GBP/MYR Neutral-to-Slightly Bearish

GBP/MYR opened 0.99% lower at 5.9606 but erased some of its losses to trade at 5.9867 at the point of writing Daily outlook is neutral-to-slightly bearish given the lower opening but we expect losses to narrow after GBP regained some of its strength after Megan Greene commented that UK rate cuts should still be a way off given the ongoing inflation pressures. Key risk today is UK's monthly GDP data.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.9425	5.9654	5.9867	6.0048	6.0214

AUD/MYR

AUD/MYR Neutral-to-Slightly Bearish

AUD/MYR opened 1.25% lower at 3.1048 but quickly pared some of its losses to trade at 3.1188 at the point of writing. Daily outlook is neutral-to-slightly bearish on account of the lower opening, but losses to be capped given AUD/USD shows a slight recovery after US PPI data underperforms expectations.

Cess	S2	S1	Indicative	R1	R2
AUD/MYR	3.0943	3.1066	3.1188	3.1272	3.1355

Source: Bloomberg, HLBB Global Markets Research

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