

13 February 2024

**Global Markets Research**

**Daily Currency Outlook**

**USD/MYR**



Source: Bloomberg, HLBB Global Markets Research

**Intraday Thoughts – Neutral**

USD/MYR opened 0.08% lower at 4.7613 before rebounding to 4.7635 at the point of writing. We expect trading in USD to remain on tenterhooks today ahead of the CPI print, and as such, we have a neutral outlook for this pair, eyeing a trading range between 4.7548-4.7798. As it is, consensus expects core CPI to soften to 3.7% from 3.9% previously, keeping the slowing inflation trend intact and does not shift our expectations on the timing of an anticipated Fed funds rate cut starting from 2Q of this 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	4.7447	4.7548	4.7635	4.7798	4.7947

**USD/SGD**

**USD/SGD Neutral**

USD/SGD opened flat at 1.3447 before strengthening to 1.3454 at the point of writing. Daily outlook is neutral as we do not foresee any drivers to significantly sway the pair pending the release of the US CPI print, followed by Singapore's final 4Q GDP, NODX data as well as Budget 2024 later in the week. We expect this pair to be traded within a narrow band of 1.3434-1.3461 today.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3422	1.3434	1.3454	1.3461	1.3476

**MYR Crosses**
**SGD/MYR**

**SGD/MYR Neutral**

SGD/MYR opened 0.12% higher at 3.5431 but quickly pared its gains to trade at 3.5407 at the point of writing. Daily outlook is neutral, eyeing a trading range of 3.5322-3.5485 with the next key risk on Malaysia's front being the final print to 2023 GDP data due later in the week.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.5258	3.5322	3.5407	3.5485	3.5584

**GBP/MYR**

**GBP/MYR Neutral**

GBP/MYR opened 0.12% higher at 6.0168 before losing some of its lustre to trade at 6.0137 at the point of writing. Daily outlook is neutral, with the higher opening offset by the upward momentum for MYR in early Asian trade and eyeing a trading range of 5.9926-6.0296. Key risk today for this pair will be UK's labour data, where unemployment rate is expected to inch up to 4.0% and employment change halving to +50k.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.9831	5.9962	6.0137	6.0297	6.0501

**AUD/MYR**

**AUD/MYR Neutral-to-Slightly Bullish**

AUD/MYR opened 0.33% higher at 3.1111 before paring some of its gains to trade at 3.1091 at the point of writing. Daily outlook is neutral-to-slightly bullish, with AUD strength supported by comments from Marion Kohler, head of economic analysis in RBA, who said that prices are facing pressure from higher labour and non-labour costs and added that the decline in services price inflation is necessary for Australia to achieve its gains.

	<b>S2</b>	<b>S1</b>	<b>Indicative</b>	<b>R1</b>	<b>R2</b>
AUD/MYR	3.0996	3.1018	3.1091	3.1132	3.1200

Source: Bloomberg, HLBB Global Markets Research

**Hong Leong Bank Berhad**

Fixed Income &amp; Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damansara

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email:

**DISCLAIMER**

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter.

Potential and actual conflict of interest may arise from the activities of HLB Group. HLB Group constitute a diversified financial services group. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and other activities for their own account or the account of others. In the ordinary course of their business, HLB Group may effect transactions for their own account or for the account of their customers and hold long or short positions in the financial instruments. HLB Group, in connection with its business activities, may possess or acquire material information about the financial instruments. Such activities and information may involve or have an effect on the financial instruments. HLB Group have no obligation to disclose such information about the financial instruments or their activities.

The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.