13 March 2024

Global Markets Research

Daily Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bullish

USD/MYR opened 0.12% higher at 4.6840 before retreating slightly to 4.6833 at the point of writing. Daily outlook is neutral-to-slightly bullish given its oversold position and as DXY firmed up overnight, tracking the higher Treasury yields after US inflation prints came slightly higher than expected. Nonetheless, we note that the strength in USD has petered out, partially due to cautiousness ahead of the US retail sales and PPI numbers later in the week, and as such, we expect gains to be capped at 4.6837 (R1) and 4.6879 (R2) respectively. It will be data light today with only US mortgage applications on deck.

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	4.6753	4.6774	4.6833	4.6837	4.6879

USD/SGD

USD/SGD Neutral

USD/SGD opened 0.01% higher at 1.3324, traded within 1.3317-1.3328 before settling at 1.3323 at the point of writing. Daily outlook is neutral given the absence of major economic data today and eyeing trading range between 1.3318-1.3331. We do, however, note that this pair may bullish biased given its oversold position and as the USD supported by the higher-than-expected CPI print overnight.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3312	1.3318	1.3323	1.3331	1.3327

MYR Crosses

SGD/MYR

SGD/MYR Neutral

SGD/MYR opened 0.11% lower at 3.5111, but pared all its losses to trade at 3.5151 at the point of writing. As such, we have a neutral outlook, with the lower opening offset by MYR weakness and its oversold position, eyeing trading range between 3.5095-3.5165 in the absence of market movers for this pair.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.5068	3.5095	3.5151	3.5165	3.5208

GBP/MYR

GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.16% higher at 5.9934 but eased slightly to 5.9909 at the point of writing. Daily outlook is neutral-to-slightly bullish on GBP strength, as the GBP/USD clinging close to the 1.2800 level. Potentially swaying the pair today was the cooler UK labour and wage growth data overnight and more importantly, UK's monthly GDP due to be released today.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.9809	5.9840	5.9909	5.9930	5.9988

AUD/MYR

AUD/MYR Neutral-to-Slightly Bearish

AUD/MYR opened flat at 3.0950 before sliding lower to 3.0928 at the point of writing. Daily outlook is neutral-to-slightly bearish on AUD weakness, as AUD/USD slid close to 0.6600 level at the point of writing. Data this morning was also not supportive of the AUD, with the CBA Household Spending Index growing at a softer pace of +3.5% y/y and falling 0.3% m/m in February (Jan: +3.8% y/y and +3.2% m/m).

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0848	3.0874	3.0928	3.0948	3.0997

Source: Bloomberg, HLBB Global Markets Research

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