15 January 2024

Global Markets Research

Daily Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bullish

USD/MYR opened 0.03% higher at 4.6490, strengthened to as high as 4.6563 before paring some of its gains to trade at 4.6520 at the point of writing. Daily outlook is neutral-to-slightly bullish, mirroring Friday's performance as USD is expected to benefit from risk aversion due to geopolitical concerns. This week, we will be watching out for the retail sales and IPI data on the US front as well as flash Malaysian 4Q GDP and trade data on the domestic front.

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	4.6430	4.6475	4.6520	4.6565	4.6610

USD/SGD

USD/SGD Neutral

USD/SGD opened 0.10% higher at 1.3327 before paring some of its gains to trade at 1.3318 at the point of writing. As this will be a predominantly USD driven pair, we expect trading to be largely mild today given that the US markets will be closed for the Martin Luther King Jr. Day. We have a neutral outlook, eyeing trading range between 1.3308-1.3338 with key risk being the NODX data on the Singapore front.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3294	1.3308	1.3318	1.3338	1.3353

MYR Crosses

SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.02% higher at 3.4928 and strengthened to 3.4931 at the point of writing. Daily outlook is neutral-to-slightly bullish as a risk-off environment does not bode well for the MYR. This pair will face resistance at 3.4959 (R1) and 3.4984 (R2) respectively.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.4878	3.4906	3.4931	3.4959	3.4984

GBP/MYR

GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.03% lower at 5.9252 before rebounding to 5.9292 at the point of writing. We have a neutral-to-slightly bullish outlook for this pair given the upward trajectory post opening. This comes after the Rightmove House Price index recorded its first gain in 3-months at +1.3% m/m. Next up for this pair will be the labour data for December on the British shore followed by keenly watched CPI.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.9179	5.9234	5.9292	5.9331	5.9373

AUD/MYR

AUD/MYR Neutral-to-Slightly Bullish

AUD/MYR opened 0.04% lower at 3.1123 before rebounding to 3.1163 at the point of writing. Daily outlook is neutral-to-slightly bullish on AUD strength after the Melbourne Institute's inflation gauge accelerated to +5.2% y/y in December and after the PBoC unexpectedly maintained its 1Y MLF unchanged at 2.50% but offered 995bn yuan through the MLF, more than expected.

arc	S2	S1	Indicative	R1	R2
AUD/MYR	3.1062	3.1110	3.1163	3.1185	3.1211

Source: Bloomberg, HLBB Global Markets Research

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