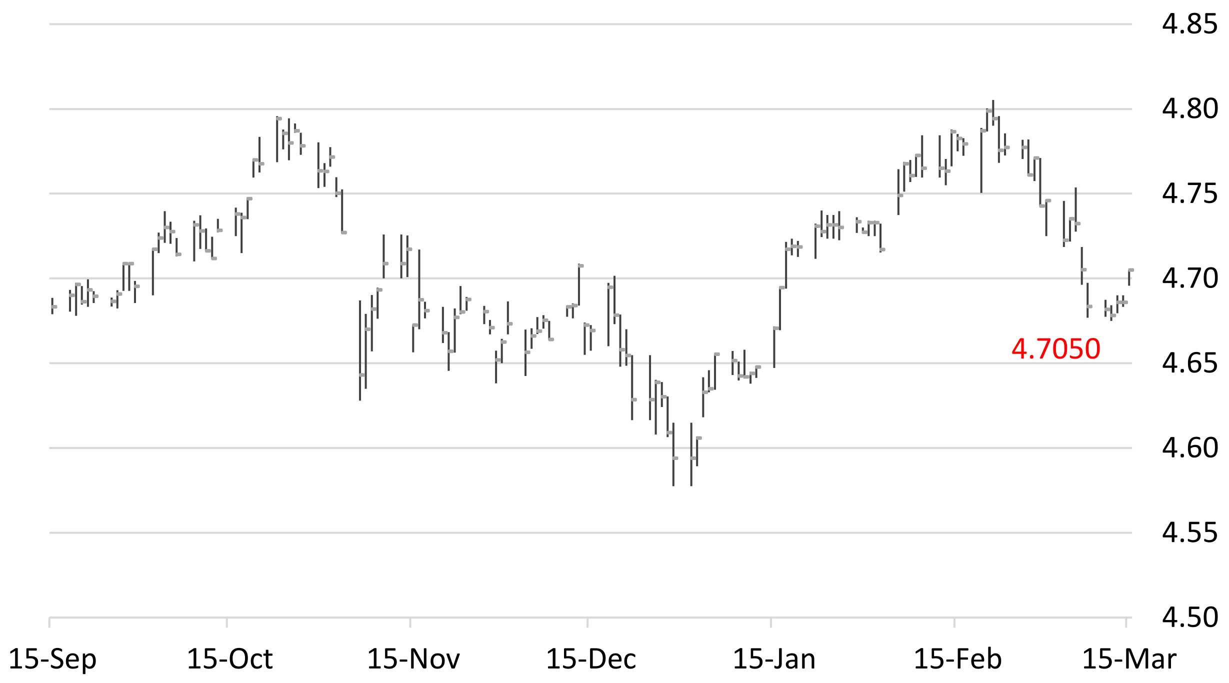
15 March 2024

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Slightly Bullish

USD/MYR opened 0.21% higher at 4.6958 and strengthened further to 4.7050 at the point of writing. Daily outlook is slightly bullish given its slightly oversold position and Dollar strength post the US PPI data. Producer prices, mirroring inflation numbers, topped consensus forecasts, sowing rate cuts doubts and sending Treasury yields higher between 6-10bps across the curve. Next up today is US import prices, IPI data as well as preliminary University of Michigan consumer sentiment for March.

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	4.6906	4.6957	4.7050	4.7069	4.7111

USD/SGD

USD/SGD Neutral-to-Slightly Bullish

USD/SGD opened flat at 1.3360 before strengthening to 1.3376 at the point of writing. Daily outlook is neutral-to-slightly bullish, driven by USD strength and facing R1 and R2 at 1.3380 and 1.3384 respectively.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3355	1.3363	1.3376	1.3380	1.3384

MYR Crosses

SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.09% higher at 3.5209 before retreating to 3.5178 at the point of writing, just below its flatline. Despite this, we have a neutral-to-slightly bullish outlook given its slightly oversold position and a risk-off environment should benefit SGD rather than MYR. Potentially de-swaying this is the jump in oil prices which will benefit MYR.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.5051	3.5111	3.5178	3.5194	3.5233

GBP/MYR

GBP/MYR Neutral-to-Slightly Bearish

GBP/MYR opened 0.14% lower at 5.9969 and slid further to 5.9921 at the point of writing. Daily outlook is neutral-to-slightly bearish as GBP/USD extended its downside around the mid-1.2700s during the early Asian trade. Capping loss is markets pushing back expectations BOE rate cut after Governor Andrew Bailey questioned what the central bank must do to get inflation to stay at target levels and how restrictive rates will need to be.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.9679	5.9834	5.9921	5.9946	6.0013

AUD/MYR

AUD/MYR Slightly Bearish

AUD/MYR opened 0.28% lower at 3.0955 and slid further to 3.0879 at the point of writing. Daily outlook is slightly bearish as AUD/USD remained in the defensive, weakening to as low as 0.6568 at the point of writing. Potentially weighing on the AUD today is China, who expectedly kept its 1Y MLF rate unchanged at 2.50%, but unexpectedly withdrew cash from the banking system on a net basis, most likely to shore up its currency.

Cess	S2	S1	Indicative	R1	R2
AUD/MYR	3.0719	3.0808	3.0879	3.0930	3.0988

Source: Bloomberg, HLBB Global Markets Research

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