17 January 2024

Global Markets Research

Daily Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts –Slightly Bullish

USD/MYR opened 0.01% lower at 4.6940 but quickly rebounded to 4.7055 at the point of writing. Daily outlook is slightly bullish as Asian currencies traded weaker against USD in tandem with higher UST yields overnight. Spurring the higher yields were comments from Fed Governor Waller who pushed back against aggressive rate cuts expectations, saying that the Fed should be methodical and careful when lowering rates and that the bank does not need to move as quickly as in the past. Next up for the markets will be tonight's US retail sales report and IPI, with the Fed also due to release their Beige Book and the NAHB its latest housing market index.

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	4.6887	4.6993	4.7100	4.7153	4.7207

USD/SGD

USD/SGD Neutral

USD/SGD opened flat at 1.3425 before strengthening to 1.3429 at the point of writing. Daily outlook is neutral given the tug of war between USD and SGD, the latter despite the dismal Singapore's trade data this morning, where NODX unexpectedly fell 1.5% y/y in December. With this, we are eyeing a trading range of 1.3413-1.3434.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3402	1.3413	1.3422	1.3434	1.3444

MYR Crosses

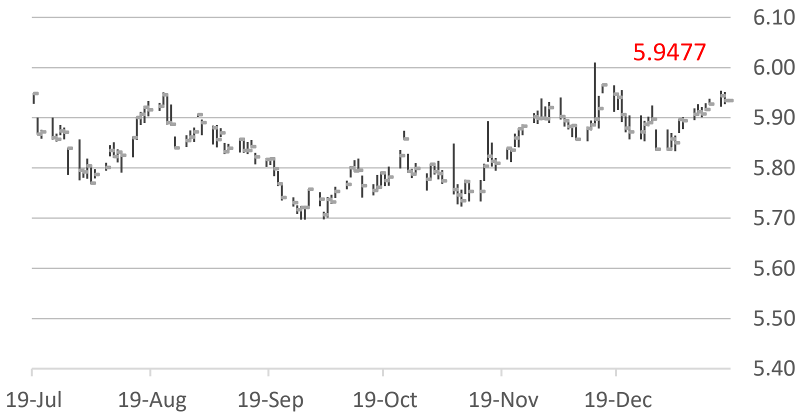
SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.18% lower at 3.4969 before paring all its losses to 3.5091 at the point of writing. We have a neutral-to-slightly bullish outlook for this pair on SGD strength against regionals. Nonetheless, we expect gains to be capped at 3.5138 (R1) and 3.5253 (R2).

	S2	S1	Indicative	R1	R2
SGD/MYR	3.4793	3.4908	3.5091	3.5138	3.5253

GBP/MYR

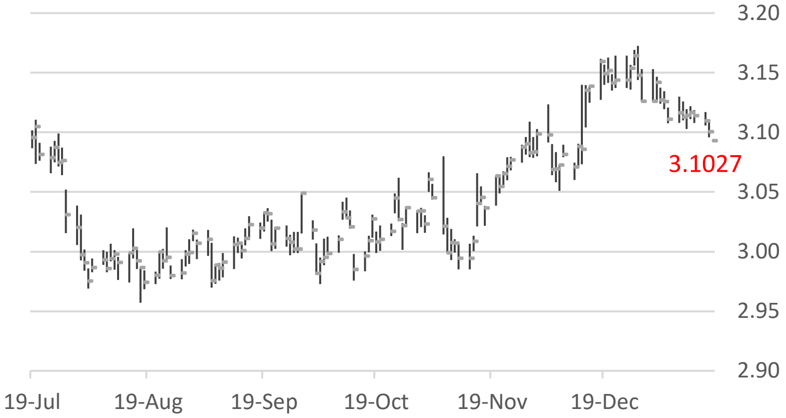


GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.01% lower at 5.9338 but quickly jumped to 5.9447 at the point of writing. Daily outlook is neutral-to-slightly bullish given the upper trajectory post opening, but gains will be capped given expectations of GBP weakness after data showed that British wage growth slowed sharply, easing wage-price spiral concerns and bolstering the case for a BOE pivot towards rate cuts in the coming months.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.9254	5.9284	5.9477	5.9583	5.9651

AUD/MYR



AUD/MYR Neutral-to-Slightly Bullish

AUD/MYR opened 0.22% lower at 3.0938 before rebounding to 3.1027 at the point of writing. Daily outlook is neutral-to-slightly bullish in anticipation of AUD strength. This comes after Chinese Premier Li Qiang's comments that China's economy grew by about 5.2% in 2023, slightly better than the official target and thus, will be supportive of the China-proxy AUD.

arc	S2	S1	Indicative	R1	R2
AUD/MYR	3.0778	3.0886	3.1027	3.1102	3.1210

Source: Bloomberg, HLBB Global Markets Research

Hong Leong Bank Berhad
Fixed Income & Economic Research, Global Markets
Level 8, Hong Leong Tower
6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel: 603-2081 1221
Fax: 603-2081 8936
Email: HLMarkets@hlbb.hongleong.com.my

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.