

18 January 2024

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts –Neutral

USD/MYR opened 0.09% higher at 4.7215 but lost its lustre to settle at 4.7158 at the point of writing. Daily outlook is neutral as Asian currencies remained under pressure amidst CNH weakness and we note that DXY slipped to 103.23 at the point of wiring despite firmer reading on the US retail sales front. We are eyeing a trading range between 4.7090-4.7224 with some housing stats and jobless claims up on deck tonight.

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	4.6977	4.7090	4.7158	4.7224	4.7276

USD/SGD



USD/SGD Neutral-to-Slightly Bearish

USD/SGD opened flat at 1.3447 before sliding to 1.3433 at the point of writing. Daily outlook is neutral-to-slightly bearish given SGD strength, but we expect losses to be largely capped as traders dialled back expectations of rate cuts for the US. With this, the pair will be supported at 1.3409 (S1) and 1.3376 (S2) respectively.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3376	1.3409	1.3427	1.3451	1.3467

MYR Crosses

SGD/MYR



SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.03% lower at 3.5089 but quickly rebounded to 3.5121 at the point of writing. Daily outlook is neutral-to-slightly bullish given the upward trajectory post opening and expectations that SGD will benefit from a risk-off environment rather than MYR. Key risk for this pair this week is Malaysia's advance 4Q GDP and export data, with the former expected at +4.1% y/y and the latter at -4.9% y/y.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.5032	3.5067	3.5121	3.5137	3.5172

GBP/MYR



GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.06% higher at 5.9857 before edging down to 5.9855 at the point of writing. Daily outlook is neutral-to-slightly bullish as GBP strengthened against regionals as traders trimmed bets for monetary policy easing after the British inflation rate unexpectedly picked up again to 4.00%.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.9750	5.9806	5.9855	5.9897	5.9934

AUD/MYR



AUD/MYR Neutral-to-Slightly Bullish

AUD/MYR opened 0.10% higher at 3.0942, plunged to as low as 3.0823 before rebounding to 3.0948 at the point of writing. We attribute the temporary blip in this pair to the knee jerk reaction post the unexpectedly slump in Aussie's jobs data due to seasonal factor. In our opinion, the overall headline masks a still tight but labour market and as such, we have a neutral-to-slightly bullish outlook for this pair.

arc	S2	S1	Indicative	R1	R2
AUD/MYR	3.0845	3.0881	3.0948	3.0954	3.0991

Source: Bloomberg, HLBB Global Markets Research

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