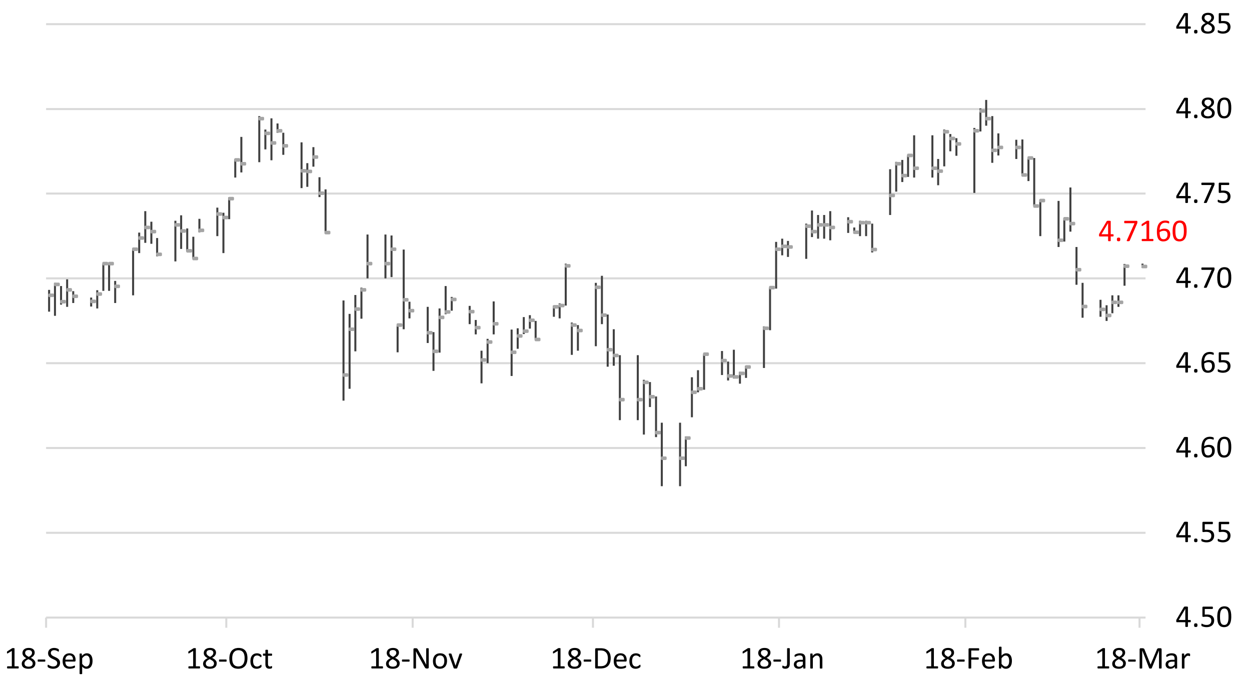
18 March 2024

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bullish

USD/MYR opened flat at 4.7070 before strengthening to 4.7160 at the point of writing. Daily outlook is neutral-to-slightly bullish as greenback remains in bid as traders trimmed their bets of a dovish Federal Reserve after the series of above forecast price prints last week, but focus will shift to the FOMC meeting and its dot plot this week. Key risk will be US New York Fed Services Business Activity and NAHB Housing Market indices as well as Malaysia's trade data.

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	4.7012	4.7103	4.7160	4.7246	4.7297

USD/SGD

USD/SGD Neutral-to-Slightly Bullish

USD/SGD opened 0.01% higher at 1.3378, spiked to as high as 1.3389 post Singapore's NODX data before retreating to 1.3381 at the point of writing. Daily outlook is neutral to slightly bullish given SGD weakness against G10, especially after Singapore's NODX data unexpectedly fell 0.1% y/y in February.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3362	1.3370	1.3381	1.3386	1.3394

MYR Crosses

SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.05% lower at 3.5180, spiked to as high as 3.5269 before retreating to 3.5245 at the point of writing. Daily outlook is neutral-to-slightly bullish as SGD outperformed its regional peers this morning. With Singapore's NODX data already released, the next hurdle for this pair today is Malaysia's trade numbers, where February's exports growth is expected to slow to +2.4% y/y from +8.7% y/y previously.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.5140	3.5204	3.5245	3.5301	3.5334

GBP/MYR

GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.16% lower at 5.9930 before rebounding to 6.0056 at the point of writing. Daily outlook is neutral to slightly bullish as GBP strengthened against regional peers, although GBP/USD remained weak and exchanged hands at 1.2733 at the point of writing post softer labour prints. Next up for this pair will be February's price gauges and March's PMIs before the highly watched BOE monetary policy meeting.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.9847	5.9967	6.0056	6.0142	6.0207

AUD/MYR

AUD/MYR Neutral-to-Slightly Bullish

AUD/MYR opened 0.12% lower at 3.0868 before rebounding above its previous close to 3.0963 at the point of writing. Daily outlook is neutral-to-slightly bullish, with AUD/USD having strengthened to 0.6567 at the point of writing. Capping this is caution ahead of the RBA meeting tomorrow and AUD could feel some downward pressures from the retreat in Australia's stock indices. Mining and energy stocks led the downturn, weighed down by softer commodity prices.

Cess	S2	S1	Indicative	R1	R2
AUD/MYR	3.0816	3.0890	3.0963	3.1008	3.1052

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: