19 January 2024

Global Markets Research

Daily Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts –Neutral-to-Slightly Bearish

USD/MYR opened 0.03% lower at 4.7175, traded within 4.7145-4.7222 before settling back below the flatline at 4.7163 at the point of writing. Daily outlook is neutral-to-slightly bearish on USD weakness as the overnight rally boosted risk sentiment, not supportive of the currency. In Fed speak, Bostic reiterated his view of a rate cut starting in 3Q but Harker said that “soft data” will guide policy makers. Key risk for this pair today will be Malaysia’s trade data and advance 4Q GDP estimate. On the US front, we will be watching out for the consumer sentiment index and existing home sales.

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	4.7024	4.7102	4.7163	4.7213	4.7257

USD/SGD

USD/SGD Neutral-to-Slightly Bearish

USD/SGD opened flat at 1.3441 before sliding to 1.3428 at the point of writing. Daily outlook is neutral-to-slightly bearish given SGD strength today. Investors will, nonetheless, stay cautious ahead of the MAS monetary policy statement next week. Our expectation is that the MAS will maintain its current stance with easing bias.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3399	1.3418	1.3428	1.3451	1.3457

MYR Crosses

SGD/MYR

SGD/MYR Neutral

SGD/MYR opened 0.08% lower at 3.5091, traded within the 3.5090-3.5148 range before settling at 3.5120 at the point of writing. We prefer to stay neutral this morning pending the release of Malaysia's exports data for December and preliminary 4Q's GDP number. The former is expected to remain contractionary at -5.9% y/y and the latter anticipated to accelerate to +4.1% y/y.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.5003	3.5061	3.5120	3.5173	3.5233

GBP/MYR

GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.21% higher at 5.9935 before paring some of its gains to trade at 5.9928 at the point of writing. Daily outlook is neutral-to-slightly bullish given the higher opening and GBP/USD holding firmly above the 1.2700 level. Potentially causing a turnaround in direction today is the UK retail sales, where consensus is expecting it to turn negative at -0.5% m/m in December.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.9856	5.9901	5.9928	6.0008	6.0085

AUD/MYR

AUD/MYR Neutral-to-Slightly Bullish

AUD/MYR opened 0.17% higher at 3.1027 but pared some of its gains to trade at 3.1024 at the point of writing. Daily outlook is neutral-to-slightly bullish on AUD strength, as AUD/USD traded in green this morning on risk-on mood, settling around 0.6580 at the point of writing. Resistance is seen at 3.1112 followed by 3.1172 next.

arc	S2	S1	Indicative	R1	R2
AUD/MYR	3.0993	3.1019	3.1024	3.1112	3.1172

Source: Bloomberg, HLBB Global Markets Research

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