19 February 2024

Global Markets Research

Daily Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral

USD/MYR opened 0.10% lower at 4.7743, took a dip to 4.7505 before paring its losses and more to trade at 4.7800 at the point of writing. Daily outlook is neutral as DXY edged slightly lower in early morning trade, but any further losses will be kept in check given its stronger than expected price prints last week. Trading in USD will also be relatively quiet given that US markets will be closed for President's Day and as such, we expect the pair to be largely traded within the 4.7603-4.7840 level. Key focus for this pair will be the FOMC minutes later in the week.

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, after the CPI prints and labour data came in stronger than expected, 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	4.7571	4.7603	4.7800	4.7840	4.7886

USD/SGD

USD/SGD Neutral-to-Slightly Bearish

USD/SGD opened flat at 1.3471 before sliding to 1.3453 at the point of writing. Daily outlook is neutral-to-slightly bearish given USD weakness as well as SGD strength, the latter benefitting from the jump in NODX data last week, albeit partially due to low base effect, as well as its favourable fiscal position, as the government transition from fiscal deficit in FY2023 to a balanced fiscal position in FY2024.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3401	1.3436	1.3453	1.3488	1.3506

MYR Crosses

SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.06% higher at 3.5524 and edged up slightly to 3.5529 at the point of writing. Daily outlook is neutral-to-slightly bullish given that risk-off environment should benefit SGD rather than MYR, as well as more favourable indicators in Singapore (NODX, fiscal position) as compared to Malaysia. Data last Friday showed that the Malaysian economy grew at a slower pace of 3.0% y/y 4Q. Next hurdle for this pair will be the price prints for both sides of the border on Friday.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.5318	3.5408	3.5529	3.5545	3.5588

GBP/MYR

GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.20% higher at 6.0272 and strengthened to 6.0298 at the point of writing. Daily outlook is neutral-to slightly bullish on GBP strength as investors remained largely unfazed by a technical recession in the UK, but instead focused on the strongest retail sales data in nearly 3 years last Friday as well as a second consecutive gain in home prices this morning. Next up will be the PMIs later in the week.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.9998	6.0073	6.0298	6.0339	6.0530

AUD/MYR

AUD/MYR Neutral-to-Slightly Bullish

AUD/MYR opened 0.21% higher at 3.1245 and rose further to 3.1259 at the point of writing. Daily outlook is neutral-to-slightly bullish as AUD gained ground, but eyes will be on the minutes to the latest RBA meeting, followed by wage data for 4Q as well as preliminary PMIs for February.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.1073	3.1126	3.1259	3.1327	3.1477

Source: Bloomberg, HLBB Global Markets Research

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