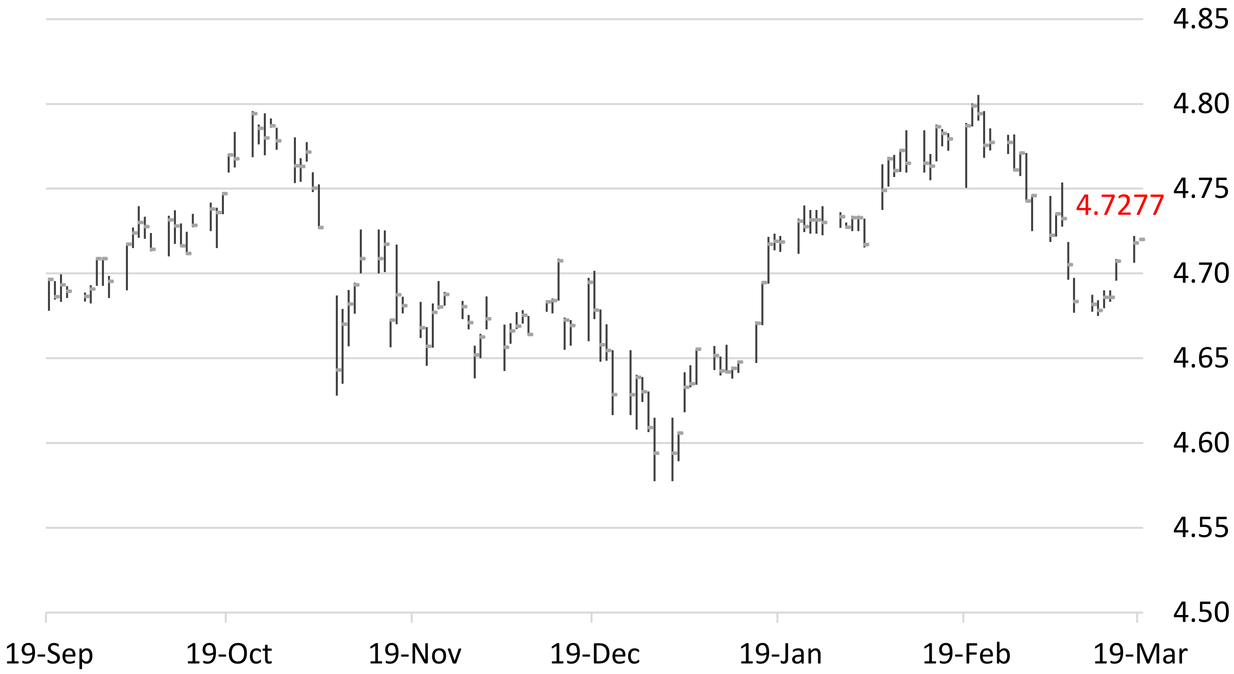
19 March 2024

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bullish

USD/MYR opened 0.04% higher at 4.7200 and strengthened to 4.7277 at the point of writing. Daily outlook is neutral-to-slightly bullish as higher Treasury yields and optimism over tech stocks boosted appetite for the Dollar overnight and into early Asian session, sending DXY up to 103.63 at the point of writing. Emerging currencies also weakened ahead of the Bank of Japan meeting, potentially weighing on MYR. Key focus for this pair this week will be the FOMC meeting on the US front and the release of the BNM Economic & Monetary Review as well as Financial Stability Review reports on the domestic front tomorrow. Before that, we will be watching out for US building permits and housing start numbers today.

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	4.7092	4.7165	4.7277	4.7313	4.7386

USD/SGD

USD/SGD Neutral

USD/SGD opened flat at 1.3392 before trending up to 1.3396 at the point of writing. Daily outlook is neutral in a tug of war between USD and SGD strength, as well as investors cautiousness ahead of the FOMC meeting. We are eyeing potential trading range between 1.3388-1.3402 for this pair.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3381	1.3388	1.3396	1.3402	1.3409

MYR Crosses

SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.10% lower at 3.5229 before paring all its losses to 3.5294 at the point of writing. Daily outlook is neutral-to-slightly bullish as SGD appeared to outperform most of its regional peers. Upside will be capped by 3.5337 (R1) and 3.5409 (R2) respectively as we expect markets to stay cautious ahead of FOMC meeting.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.5121	3.5193	3.5294	3.5337	3.5409

GBP/MYR

GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.03% lower at 6.0069 but quickly rebounded to 6.0135 at the point of writing. Daily outlook is neutral-to-slightly bullish as bets that the BOE will hold rates longer than its G10 peers is supportive of sterling, but also risks a pullback should the central bank joins its peers to signal rate cuts. As it, OIS is assigning a 52.8% probability of a rate cut starting in August.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.9922	6.0012	6.0135	6.0188	6.0276

AUD/MYR

AUD/MYR Neutral-to-Slightly Bearish

AUD/MYR opened 0.13% lower at 3.0951 and slid to 3.0932 at the point of writing. Daily outlook is neutral-to-slightly bearish as AUD/USD entered corrective mood to trade at 0.6544 at the of writing. AUD monetary policy decision remains crucial for the direction of this pair, with AUD/USD potentially see an extended pullback if Governor Bullock delivers a dovish message, acknowledging the economic slowdown and the gradual decline in inflation. On the other hand, AUD/USD could revert toward multi-month highs should the RBA policymakers retain their hawkish stance.

Cess	S2	S1	Indicative	R1	R2
AUD/MYR	3.0865	3.0912	3.0932	3.1004	3.1050

Source: Bloomberg, HLBB Global Markets Research

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