

20 February 2024

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bullish

USD/MYR opened 0.01% higher at 4.7873 and strengthened to 4.7915 at the point of writing. Daily outlook is neutral-to-slightly bullish as the string of sticky inflationary data in the US last week continued to be supportive of USD, pushing the pair towards the psychological level and R1 at 4.8003. Next key risk for this pair will be Malaysia’s trade data and US Leading Index today, followed by minutes to the latest FOMC meeting and PMIs tomorrow.

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	4.7372	4.7621	4.7915	4.8003	4.8136

USD/SGD



USD/SGD Neutral-to-Slightly Bullish

USD/SGD opened flat at 1.3460, traded within 1.3458-1.3470 range before settling at 1.366 at the point of writing. Daily outlook is neutral-to-slightly bullish, with gains largely capped as investors await the FOMC meeting minutes.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3425	1.3443	1.3466	1.3476	1.3491

MYR Crosses

SGD/MYR



SGD/MYR Neutral

SGD/MYR opened 0.05% lower at 3.5554, traded within 3.5554 and 3.5586 before settling at 3.5581 at the point of writing. We prefer to maintain a neutral outlook for this pair while awaiting Malaysia's trade numbers today, with consensus expecting exports to record a 3.0% y/y growth as compared to a 10.0% y/y decline the previous month mirroring Singapore, and partially attributable to low base effects. We are eyeing trading range between 3.5489-3.5624.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.5408	3.5489	3.5581	3.5624	3.5678

GBP/MYR



GBP/MYR Neutral-to-Slightly Bearish

GBP/MYR opened 0.20% lower at 6.0262 before paring some of its losses to trade at 6.0290 at the point of writing. Daily outlook is neutral-to-slightly bearish given the lower opening as well as GBP weakness, trading at 1.2584 vs the USD at the point of writing (opening level: 1.2594). Downside is however capped by 6.0212 (S1).

	S2	S1	Indicative	R1	R2
GBP/MYR	6.0040	6.0212	6.0290	6.0490	6.0596

AUD/MYR



AUD/MYR Neutral-to-Slightly Bearish

AUD/MYR opened 0.14% lower at 3.1263 before rebounding to 3.1281 at the point of writing. Daily outlook is neutral-to-slightly bearish. As it is, the AUD/USD spiked to 0.6536 after PBoC's decision to cut the 5Y loan prime rates and RBA's minutes showing that the central bank considered rate hikes, but quickly retreated after that.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.1126	3.1216	3.1281	3.1361	3.1416

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:

DISCLAIMER

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad (“HLBB”) to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group (“HLB Group”). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter.

Potential and actual conflict of interest may arise from the activities of HLB Group. HLB Group constitute a diversified financial services group. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and other activities for their own account or the account of others. In the ordinary course of their business, HLB Group may effect transactions for their own account or for the account of their customers and hold long or short positions in the financial instruments. HLB Group, in connection with its business activities, may possess or acquire material information about the financial instruments. Such activities and information may involve or have an effect on the financial instruments. HLB Group have no obligation to disclose such information about the financial instruments or their activities.

The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.