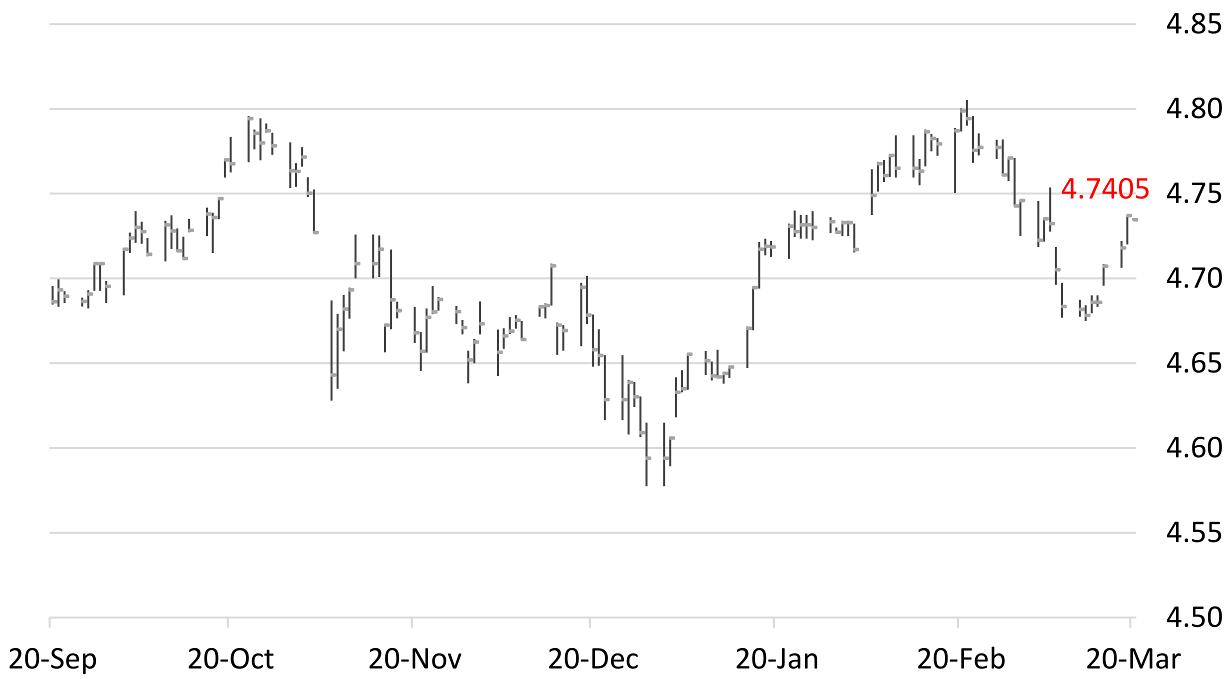
20 March 2024

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bullish

USD/MYR opened 0.03% lower at 4.7355 before rebounding just above its previous close to trade at 4.7405 at the point of writing. Daily outlook is neutral-to-slightly bullish as emerging currencies appear to extend their losing streak as traders switched focus to the upcoming FOMC meeting and dot plots. Trading is expected to be narrowly traded, with investors staying cautious and convinced that it will take longer for the Fed to cut than previously reported, while on the domestic front, investors will also be watching the release of the BNM Annual Report 2023, Economic & Monetary Review 2023 and Financial Stability Review for 2H of 2023.

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	4.7315	4.7360	4.7405	4.7430	4.7455

USD/SGD

USD/SGD Neutral-to-Slightly Bullish

USD/SGD opened flat at 1.3420 before trending up to 1.3424 at the point of writing. Daily outlook is neutral-to-slightly bullish driven by USD strength. Capping gains is the slightly overbought position for this pair.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3401	1.3411	1.3424	1.3432	1.3442

MYR Crosses

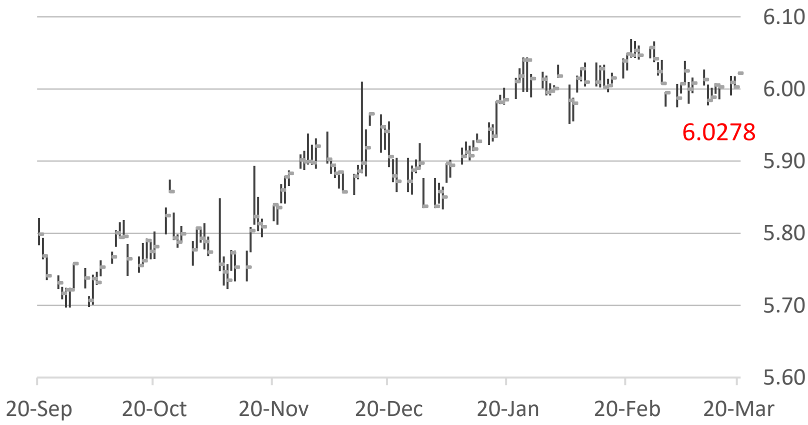
SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.01% higher at 3.5268 and strengthened further to 3.5317 at the point of writing. Daily outlook is neutral-to-slightly bullish given the upper trajectory post opening, eyeing R1 and R2 at 3.5370 and 3.5444 respectively. Key risk for this pair is the various BNM reports, where the central bank is expected to echo MOF's GDP growth forecast of 4-5% for 2024.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.5221	3.5270	3.5317	3.5370	3.5444

GBP/MYR



GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.32% higher at 6.0217 and strengthened to 6.0278 at the point of writing. Daily outlook is neutral-to-slightly bullish given the higher opening, but this pair is at risk of large sways, given releases from BNM domestically and on the British front, the upcoming price prints followed by BOE monetary policy meeting. Consensus is expecting headline and core CPI to ease to +3.5% y/y and +4.6% y/y in February, while the contraction in PPI to narrow to -0.1% y/y for output and -2.7% y/y for input.

	S2	S1	Indicative	R1	R2
GBP/MYR	6.0014	6.0131	6.0278	6.0323	6.0363

AUD/MYR

AUD/MYR Neutral-to-Slightly Bullish

AUD/MYR opened 0.25% higher at 3.0898 and strengthened to 3.0957 at the point of writing. Daily outlook is neutral-to-slightly bullish given the higher opening and MYR weakness. Next up on the Aussie front will the S&P PMIs and employment numbers later in the week.

Cess	S2	S1	Indicative	R1	R2
AUD/MYR	3.0835	3.0891	3.0957	3.1008	3.1094

Source: Bloomberg, HLBB Global Markets Research

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