22 January 2024

Global Markets Research

Daily Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts –Neutral

USD/MYR opened 0.03% lower at 4.7172, plunged as low as 4.7115 but has since rebounded to 4.7207 at the point of writing. Daily outlook is neutral as potentially higher oil prices and resurgence in risk appetite is expected to benefit MYR vis-à-vis USD, but gains will be capped given the wider contraction in Malaysia's exports and advance 4Q GDP growth data that missed market expectations last Friday. This week, we will be watching out for other key US data including the advance 4Q GDP, preliminary PMIs, consumer confidence, durable goods orders and home sales data. Malaysia's CPI due at noon today is expected to show another soft print.

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	4.7084	4.7146	4.7207	4.7238	4.7269

USD/SGD

USD/SGD Neutral

USD/SGD opened 0.01% lower at 1.3407 and trended down to 1.3400 at the point of writing. Daily outlook is neutral as investors largely stay cautious ahead of a busy week on the Singapore front, with the MAS set to decide on its monetary policy and Singstat set to release its CPI and unemployment rate data.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3348	1.3374	1.3400	1.3425	1.3450

MYR Crosses

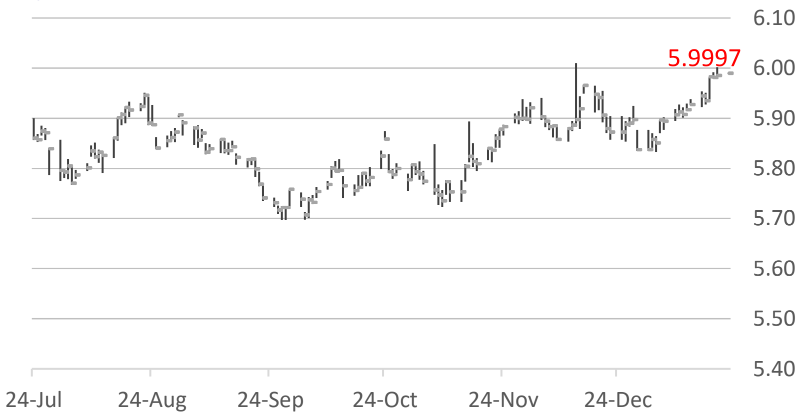
SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.01% lower at 3.5191, traded within the 3.5173-3.5234 range before settling at 3.5229 at the point of writing. Daily outlook is neutral-to-slightly bullish given the upward trajectory post opening, with Malaysia's CPI today as well as monetary policy decisions on both sides of the border this week.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.5150	3.5191	3.5229	3.5252	3.5273

GBP/MYR



GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.10% higher at 5.9909, went through a choppy trading session before trending up to 5.9997 at the point of writing. Daily outlook is neutral-to-slightly bullish given the higher opening, but gains will be capped given the dismal UK retail sales data, which could pour some cold water on GBP's rally.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.9815	5.9907	5.9997	6.0043	6.0090

AUD/MYR

AUD/MYR Neutral-to-Slightly Bullish

AUD/MYR opened 0.06% lower at 3.1116, bounced up to 3.1176 before paring some of its gains to trade at 3.1142 at the point of writing. Daily outlook is neutral-to-slightly bullish, with the AUD benefitting from positive risk rally but capped by investor cautiousness given the escalating geopolitical tension in the Middle East. A relatively quiet week on the data front for Australia, with preliminary PMIs to watch out for.

arc	S2	S1	Indicative	R1	R2
AUD/MYR	3.1047	3.1095	3.1142	3.1185	3.1224

Source: Bloomberg, HLBB Global Markets Research

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