

22 February 2024

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bearish

USD/MYR opened 0.01% higher at 4.7948 but quickly made a U-turn to 4.7933 at the point of writing. Daily outlook is neutral-to-slightly bearish given that the pair is overbought and thus should consolidate, and while DXY is barely hanging onto the 104-handle. The impact from FOMC meeting minutes that showed that officials are in no rush to cut rates, thus a higher-than-longer stance appeared to have muted impact considering that this is already priced in by the market. Key risk today will be the US S&P PMI, both manufacturing and services, existing home sales and jobless claims data.

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	4.7815	4.7879	4.7933	4.8030	4.8117

USD/SGD



USD/SGD Neutral-to-Slightly Bearish

USD/SGD opened flat at 1.3440 before sliding to 1.3433 at the point of writing. Similar to USD/ MYR, we have a neutral-to-slightly bearish outlook, with support levels seen at 1.3429 (S1) and 1.3419 (S2) respectively. On the Singapore front, officials will publish the CPI numbers for January tomorrow and expectations is that both headline and core will pick up slightly to +3.8% y/y and +3.6% y/y respectively.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3419	1.3429	1.3433	1.3450	1.3461

MYR Crosses

SGD/MYR



SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.01% higher at 3.5673 and trended up slightly to 3.5676 at the point of writing. Daily outlook is neutral-to-slightly bullish given SGD strength vs regionals while a risk-off environment should benefit SGD rather than MYR. The pair should face resistance at 3.5734 (R1) and 3.5797 (R2). Accompanying Singapore, Malaysia will also publish its CPI today tomorrow and consensus is expecting it to accelerate slightly to +1.6% y/y.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.5589	3.5630	3.5676	3.5734	3.5797

GBP/MYR



GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.22% higher at 6.0598 before paring its gains slightly to trade at 6.0593 at the point of writing. Daily outlook is neutral-to-slightly bullish given GBP strength against regionals, supported by data showing that the UK posted a record fiscal surplus. Dovish BOE policy maker Swati Dhingra, meanwhile, warned that putting off rate cuts comes at a cost for living standards and could trigger a hard landing.

	S2	S1	Indicative	R1	R2
GBP/MYR	6.0269	6.0366	6.0593	6.0626	6.0789

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.01% higher at 3.1425, traded within the 3.1404-3.1446 range before settling at 3.1418 at the point of writing. Daily outlook is neutral given AUD strength vis-à-vis regionals especially since its composite PMI turned expansionary in February, but this will be offset by the slightly overbought position.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.1318	3.1370	3.1418	3.1499	3.1576

Source: Bloomberg, HLBB Global Markets Research

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