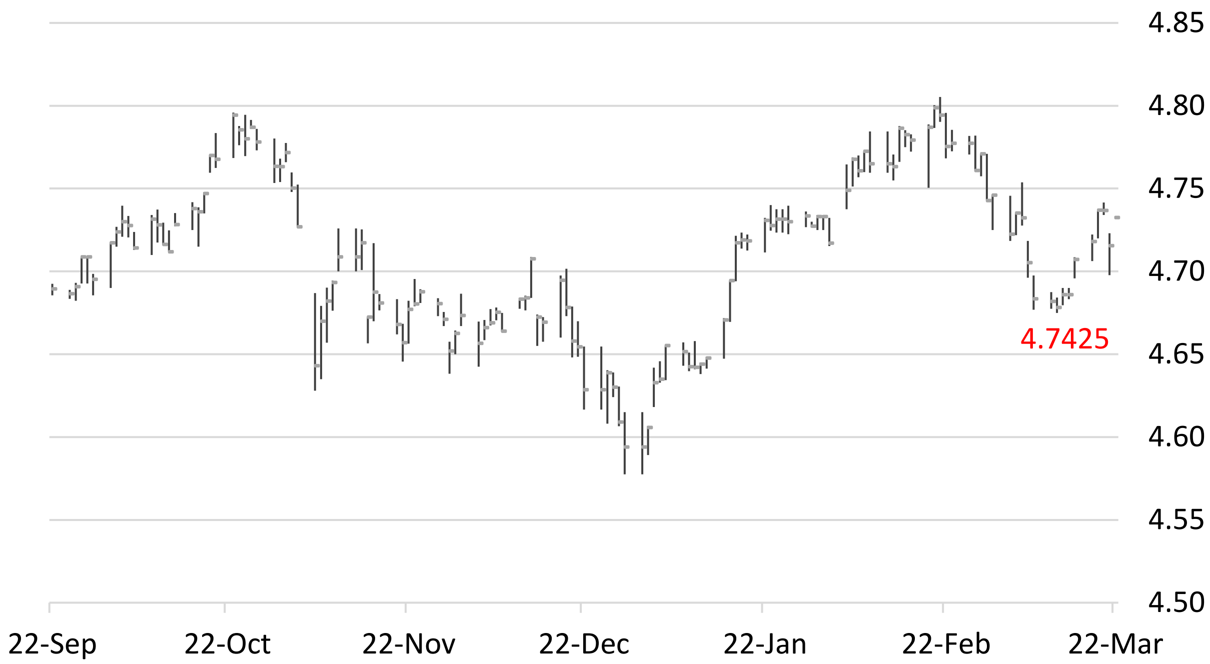
22 March 2024

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts –Slightly Bullish

USD/MYR opened 0.36% higher at 4.7325 and strengthened to 4.7425 at the point of writing. Daily outlook is slightly bullish on USD strength, as greenback got a leg up from the upbeat US economic data overnight as well as dovish central banks decisions across the Atlantic. Overnight, US composite PMI remained relatively firm at 52.2, leading index recorded its first monthly increase in two years, existing home sales jumped 9.5% m/m, while jobless claims eased and hovered near its historical low. There is no data on deck today but Fed Chair Jerome Powell and Vice-Chair Michael Barr are set to speak.

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	4.7275	4.7338	4.7425	4.7468	4.7512

USD/SGD

USD/SGD Neutral-to-Slightly Bullish

USD/SGD opened flat at 1.3439 and trended up to 1.3457 at the point of writing. Daily outlook is neutral-to-slightly bullish on USD, but gains seen capped at 1.3468 (R1) and 1.3480 (R2) respectively given its overbought territory.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3417	1.3437	1.3457	1.3468	1.3480

MYR Crosses

SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.35% lower at 3.5094 but pared its losses to trade at 3.5234 at the point of writing. Daily outlook is neutral-to-slightly bullish as SGD appeared to outperform its regional peers. Key risk for this pair will be CPI prints from both sides of the border next week, which is expected to remain stable 1.5% y/y for Malaysia and an acceleration to +3.2% y/y for Singapore due to Lunar New Year effects.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.5026	3.5124	3.5234	3.5284	3.5362

GBP/MYR

GBP/MYR Slightly Bearish

GBP/MYR opened 0.50% lower at 5.9922 before paring some of its losses to trade at 5.9991 at the point of writing. Daily outlook is slightly bearish in anticipation of GBP weakness, after GBP/USD trended down below 1.2700 on the dovish tilt from BOE. Moving on, markets will switch focus on the UK retail sales data today.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.9706	5.9835	5.9991	6.0035	6.0093

AUD/MYR

AUD/MYR Neutral-to-Slightly Bearish

AUD/MYR opened 0.21% lower at 3.1103 and slid to 3.1033 at the point of writing. Daily outlook is neutral-to-slightly bearish as AUD/USD exchanged hands in the red in early Asian session, trending down to 0.6542 at the point of writing. Next up for this pair will be Australia's CPI prints next week.

Cess	S2	S1	Indicative	R1	R2
AUD/MYR	3.0939	3.1018	3.1033	3.1133	3.1177

Source: Bloomberg, HLBB Global Markets Research

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