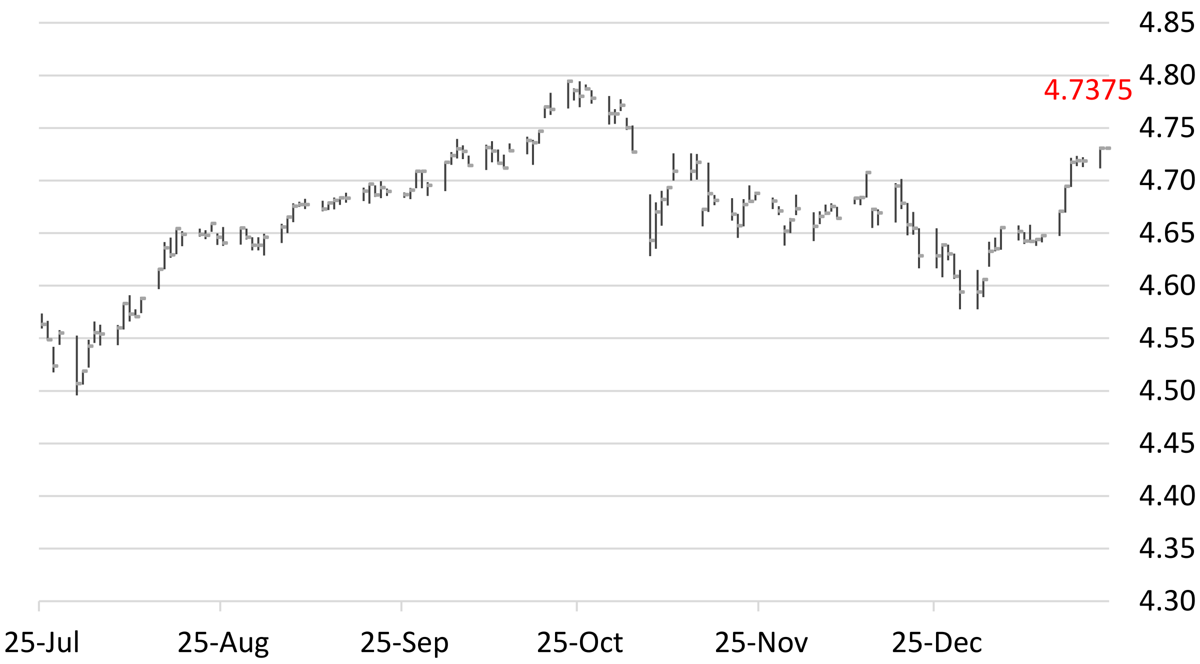
23 January 2024

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts –Neutral-to-Slightly Bullish

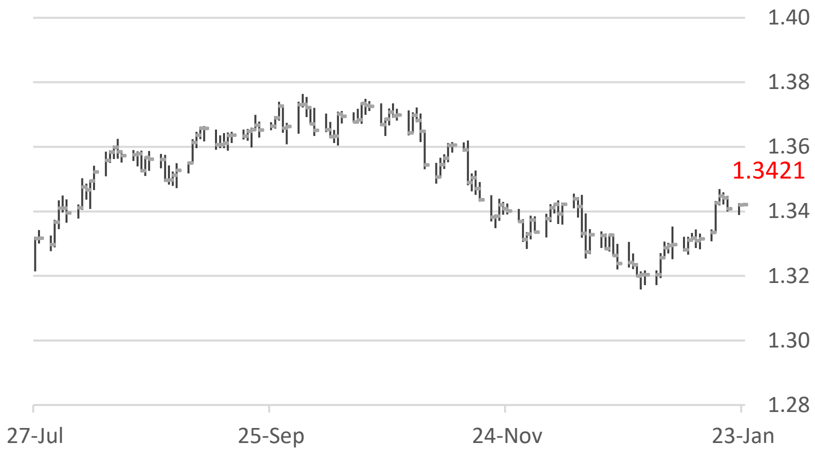
USD/MYR opened flat at 4.7308 before bounding up to 4.7375 at the point of writing. Daily outlook is neutral-to-slightly bullish as MYR is weighed down by cautiousness ahead of the BNM monetary policy decision on Wednesday and after data showed that headline CPI hovered at its lowest in nearly three years at 1.5% y/y in December. As it is, we expect BNM to stay pat in this meeting on the back of continued moderate growth and price outlook. BNM policy meet aside, key risk for this pair will be US January PMIs, 4Q GDP and core-PCE price later in the week, after 2nd tier regional reports today.

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	4.7167	4.7267	4.7375	4.7467	4.7567

USD/SGD



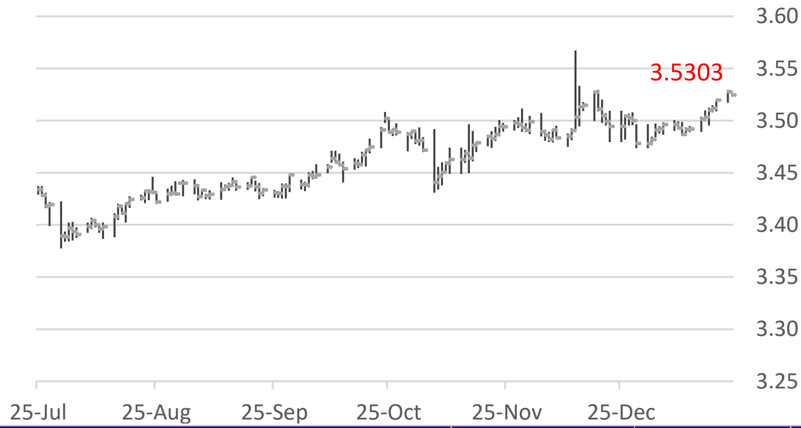
USD/SGD Neutral

USD/SGD opened 0.01% lower at 1.3418, traded within the 1.3414-1.3426 band before settling at 1.3421 at the point of writing. We have a neutral outlook for this pair, pending the release of Singapore's inflation numbers today. Headline and core CPI are expected to ease slightly to 3.5% and 3.0% respectively for the month of December.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3401	1.3411	1.3421	1.3432	1.3442

MYR Crosses

SGD/MYR

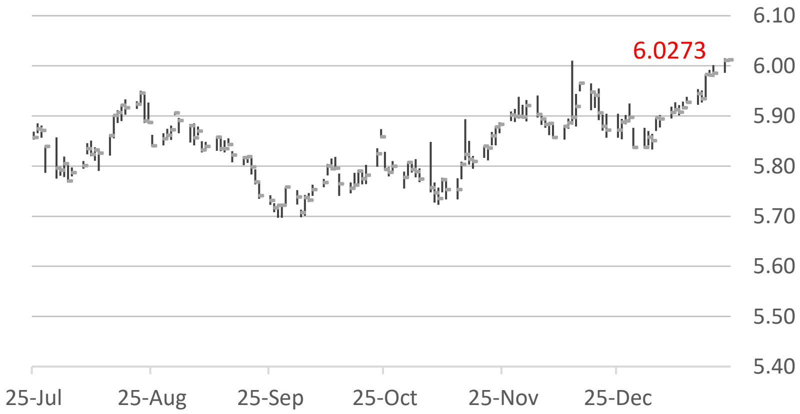


SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.09% lower at 3.5245 but quickly pared its losses to trade at 3.5303 at the point of writing. Daily outlook is neutral-to-slightly bullish given the upper trajectory post opening, facing R1 and R2 at 3.5370 and 3.5458 respectively. SGD appears to be weak this morning against G10 and regional currencies, but still managed to outperform CNH, PHP and MYR.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.5106	3.5194	3.5303	3.5370	3.5458

GBP/MYR

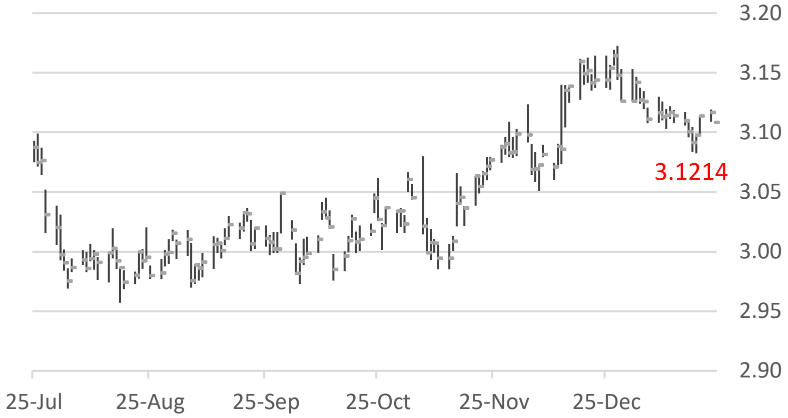


GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.01% higher at 6.0111 and strengthened to 6.0273 at the point of writing. Daily outlook is neutral-to-slightly bullish on GBP strength, benefitting from improvement in risk appetite as shown by US stocks registering fresh highs overnight. This week, UK's economic docket will feature the S&P PMIs followed by CBI business optimism.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.9914	6.0054	6.0273	6.0333	6.0472

AUD/MYR



AUD/MYR Neutral-to-Slightly Bullish

AUD/MYR opened 0.26% lower at 3.1083 before paring all its losses to trade at 3.1214 at the point of writing. By far and large, the uptick came despite data showing that the Australia's business conditions eased and confidence remained weak and the pair largely traded within the 3.1152-3.1192 level since then. As such, we have a neutral-to-slightly bullish outlook for this pair.

arc	S2	S1	Indicative	R1	R2
AUD/MYR	3.0960	3.1048	3.1214	3.1223	3.1310

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: