

24 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 0.09% lower at 4.7235 before paring all its losses to 4.7338 at the point of writing. Daily outlook is neutral-to-slightly bullish on continuation of a strong buying bias in the greenback, supported by higher UST yields especially in the belly and the long end of the curve. Key risk for this pair today will be the BNM monetary policy meeting, where a status quo is expected but attention will be focused on any changes in the statement, especially in light of uncertainty over the inflation outlook.

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	4.7142	4.7211	4.7338	4.7352	4.7422

USD/SGD



USD/SGD Neutral

USD/SGD opened flat at 1.3413, traded in a narrow band of 1.3403-1.316 before settling at 1.3408 at the point of writing. Daily outlook is neutral in a tug of war between USD and SGD strength, with key risk for this pair today being the US PMI data followed by 4Q GDP tomorrow. On the Singapore front, we will be looking out for December's IPI number later in the week before MAS policy decision next Monday.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3352	1.3383	1.3408	1.3471	1.3481

MYR Crosses

SGD/MYR



SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.09% lower at 3.5262 before quickly rebounding to 3.5312 at the point of writing. Daily outlook is neutral-to-slightly bullish on SGD strength, benefitting from the surprised uptick in CPI prints overnight. In tandem with this, MAS kept its core inflation forecast of 2.5–3.5% for the year, but we expect headline may be revised upwards in conjunction with the MAS statement next week.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.5151	3.5212	3.5312	3.5338	3.5401

GBP/MYR



GBP/MYR Neutral-to-Slightly Bearish

GBP/MYR opened 0.29% lower at 6.0001 before some of its gains to trade at 6.0091 at the point of writing. Daily outlook is neutral-to-slightly bearish given the lower opening, but we expect losses to be capped as GBP/USD regained ground to nearly the 1.2700 mark this morning. Next risk will be UK PMI today.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.9778	5.9913	6.0091	6.0183	6.0318

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.02% lower at 3.1135, traded within 3.1088-3.1147 before settling at 3.1130 at the point of writing. Daily outlook is neutral given prevailing mixed sentiment and economic data. On a positive note, January's Judo Bank Flash PMI saw a modest improvement in the overall business conditions with improvement in both the services sector (47.9 vs 47.1) and manufacturing (50.3 vs 47.6), but the Westpac Leading Index slipped 0.04% m/m (Nov: +0.07% m/m) this morning.

arc	S2	S1	Indicative	R1	R2
AUD/MYR	3.1005	3.1065	3.1137	3.1162	3.1184

Source: Bloomberg, HLBB Global Markets Research

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damansara

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email:

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