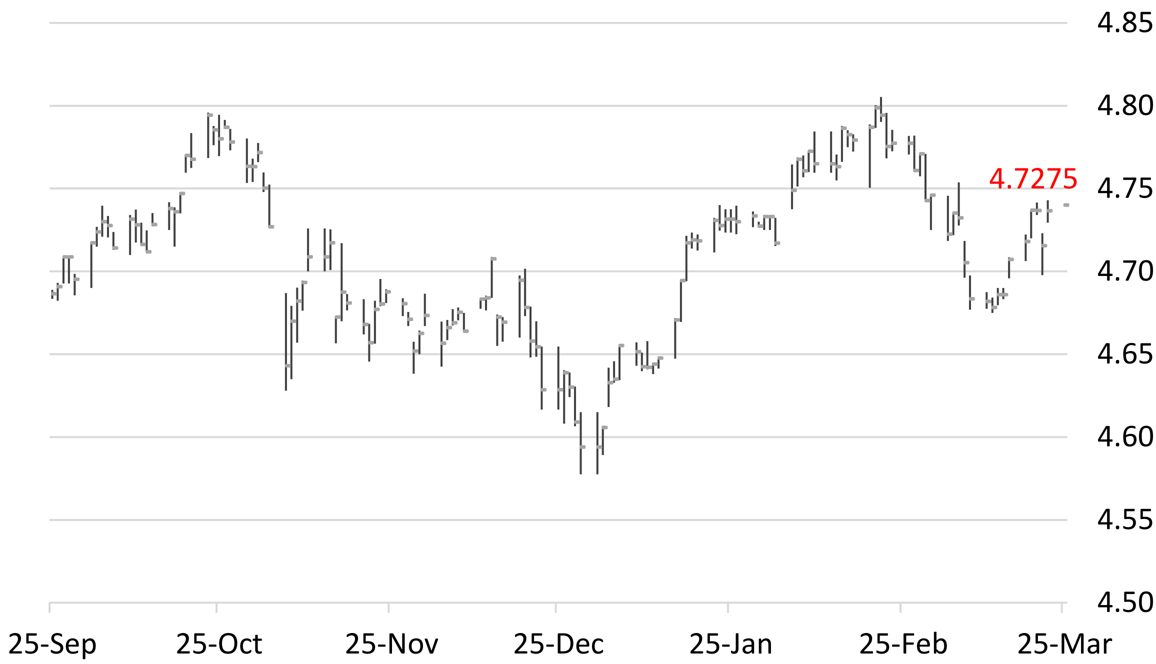
25 March 2024

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts –Neutral-to-Slightly Bearish

USD/MYR opened 0.07% higher at 4.7400 before retreating to 4.7275 at the point of writing. Daily outlook is neutral-to-slightly bearish, hit by double whammy of MYR strength and USD weakness this morning, the latter seeing the DXY retreating to 103.33 at the point of writing. We see support levels at 4.7175 (S1) and 4.7025 (S2) for this pair, with the key risk being Malaysia's CPI print, where expectations are that it will stay unchanged at +1.5% y/y, and on the US front, the new home sales data. Other than that, the third reading of US 4Q GDP and core PCE prices scheduled on Friday will dominate market focus.

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	4.7025	4.7175	4.7275	4.7475	4.7625

USD/SGD

USD/SGD Neutral-to-Slightly Bearish

USD/SGD opened 0.08% higher at 1.3497 and quickly lost its lustre to trade at 1.3462 at the point of writing. Daily outlook is neutral-to-slightly bearish given USD-driven weakness and its overbought position, eyeing support levels at 1.3440 (S1) and 1.3301 (S2) respectively. Key risk for this pair today will be Singapore's CPI, and expectations is that it will accelerate to +3.2% y/y in February from +2.9% y/y respectively, but primarily due to seasonal effect.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3401	1.3440	1.3462	1.3518	1.3557

MYR Crosses

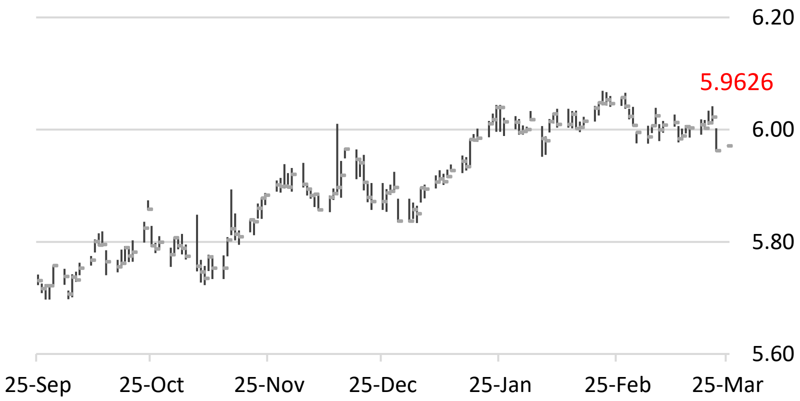
SGD/MYR

SGD/MYR Neutral-to-Slightly Bearish

SGD/MYR opened 0.01% higher at 3.5122 but made a U-turn to 3.5116 at the point of writing. Daily outlook is neutral-to-slightly bearish given MYR strength, losses seen as capped at 3.5048 (S1) and 3.4991 (S2) given its oversold position. Movement today will largely be driven by the outcome of the CPI data on both sides of the border.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.4991	3.5048	3.5116	3.5161	3.5219

GBP/MYR



GBP/MYR Neutral

GBP/MYR opened 0.16% higher at 5.9714 before paring some of its gains to trade at 5.9626 at the point of writing. Daily outlook is neutral, with the higher opening and oversold position offset by GBP's vulnerability after the dovish BOE tone last week. After last Friday's better than expected retail sales data which failed to lift the GBP, we will be watching out for the final revision to UK's 4Q GDP this week.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.9521	5.9609	5.9626	5.9789	5.9877

AUD/MYR

AUD/MYR Neutral-to-Slightly Bullish

AUD/MYR opened 0.10% higher at 3.0883, traded within 3.0848-3.0958 before settling at 3.0881 at the point of writing. Daily outlook is neutral-to-slightly bullish as AUD/USD pair finds some support above the 0.6500 mark this morning and on expectations that China-proxy AUD will benefit from the stronger yuan fixing in message of support for the CNY. This week will see the release of 1st tier data in the form of Australian CPI and retail sales.

Cess	S2	S1	Indicative	R1	R2
AUD/MYR	3.0742	3.0808	3.0881	3.0940	3.1006

Source: Bloomberg, HLBB Global Markets Research

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