26 January 2024

Global Markets Research

Daily Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts –Neutral

USD/MYR opened flat at 4.7315, climbed to as high as 4.7397 before losing its lustre to trade at 4.7303 at the point of writing. Daily outlook is neutral as we expect investors to largely stay sideline ahead of the Us core-PCE prices release today. As it is, expectation is that core prices will ease further to +3.0% y/y (prior: +3.2% y/y). While this does not bode well for USD, losses will be capped given the strong US 4Q GDP suggests that the Fed would be in no rush to cut rates.

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	4.7168	4.7242	4.7303	4.7382	4.7448

USD/SGD

USD/SGD Neutral

USD/SGD opened 0.01% higher at 1.3403, traded within the 1.3401-1.3411 range before settling back at the opening level. Daily outlook is neutral, eyeing a trading range of 1.3386-1.3417 as investors stay cautious ahead of the MAS policy decision as well as US core-PCE prices today.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3369	1.3386	1.3403	1.3417	1.3431

MYR Crosses

SGD/MYR

SGD/MYR Neutral-to-Slightly Bearish

SGD/MYR opened 0.19% lower at 3.5300 but pared its gains slightly to 3.5306 at the point of writing. Daily outlook is neutral-to-slightly bearish given the lower opening and MYR could benefit from the rally in oil prices overnight.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.5279	3.5293	3.5306	3.5322	3.5337

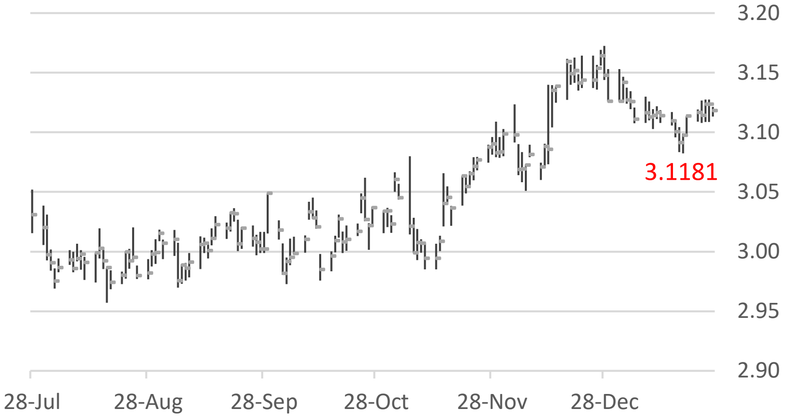
GBP/MYR

GBP/MYR Neutral-to-Slightly Bearish

GBP/MYR opened 0.46% lower at 6.0119 before paring some of its losses to trade at 6.0143 at the point of writing. Daily outlook is neutral-to-slightly bearish given the lower opening, with support levels seen at 6.0110 (S1) and 6.0073 (S2) respectively. GBP will be supported by the improved but still negative consumer confidence data as well stronger than expected PMIs.

	S2	S1	Indicative	R1	R2
GBP/MYR	6.0073	6.0110	6.0143	6.0176	6.0205

AUD/MYR



AUD/MYR Neutral-to-Slightly Bearish

AUD/MYR opened 0.29% lower at 3.1143 before paring its gains to trade at 3.1181 the point of writing. Daily outlook is neutral-to-slightly bullish, as we expect AUD to be supported by signs of stimulus from China. Next week, we will be watching out for Australia's CPI print closely for clues on RBA's decision the following week.

arc	S2	S1	Indicative	R1	R2
AUD/MYR	3.1041	3.1089	3.1181	3.1166	3.1197

Source: Bloomberg, HLBB Global Markets Research

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