26 February 2024

Global Markets Research

Daily Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral

USD/MYR opened 0.14% lower at 4.7705 before paring some of its losses to trade at 4.7760 at the point of writing. We have a neutral outlook for this pair given USD opened mixed against its G10 peers this morning, with the DXY oscillating around the 103.92-104.02 levels at the point of writing, and amidst lack of driver to this pair today. This week, it will be an empty economic calendar on the domestic front and focus will largely be on the release of the core-PCE reading in the US later in the week. Other data on deck this week includes January's durable goods orders, new home sales, consumer confidence and the second reading of US 4Q GDP.

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, after the CPI prints and labour data came in stronger than expected, 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	R
USD/MYR	4.7524	4.7654	4.7760	4.7844	4.7914

USD/SGD

USD/SGD Neutral-to-Slightly Bullish

USD/SGD opened 0.01% higher at 1.3433 before trending up further to 1.3446 at the point of writing. Daily outlook is neutral-to-slightly bullish given the upward trajectory post-opening, while SGD will also be weighed down by the unexpected easing in CPI prices last Friday. Today will see the release of Singapore's IPI, where consensus is expecting IPI to rebound to +3.7% y/y and +3.1% m/m from a contraction previously, capping gains for USD/SGD.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3397	1.3414	1.3446	1.3453	1.3475

MYR Crosses

SGD/MYR

SGD/MYR Neutral

SGD/MYR opened 0.10% higher at 3.5544 before paring some of its gains to trade at 3.5519 at the point of writing. Daily outlook is neutral as we expect investors to largely await Singapore's IPI data today, eyeing a trading range between 3.5445-3.5605 before the next direction largely swayed by the better or worse than expected IPI print.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.5382	3.5445	3.5519	3.5605	3.5702

GBP/MYR

GBP/MYR Neutral

GBP/MYR opened 0.07% higher at 6.0505 before quickly losing some of its lustre to trade at 6.0481 at the point of writing. We have a neutral outlook for this pair, eyeing trading range of 6.0379-6.0577 given a quiet week ahead with only January mortgage approvals and Nationwide house prices for February scheduled for release.

	S2	S1	Indicative	R1	R2
GBP/MYR	6.0294	6.0379	6.0481	6.0577	6.0690

AUD/MYR

AUD/MYR Neutral

AUD/MYR opened 0.11% higher at 3.1343 before paring some of its gains to trade at 3.1314 at the point of writing. Daily outlook is neutral as AUD/USD appeared soft although it remained above the mid-0.6500s during early Asian session, and market likely quiet ahead of upcoming Australia's monthly CPI and retail sales data. Consensus is expecting prices to accelerate to +3.6% y/y and +1.5% m/m in January (Dec: +3.4% y/y and -2.7% m/m), capping any further losses to AUD.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.1179	3.1244	3.1314	3.1413	3.1517

Source: Bloomberg, HLBB Global Markets Research

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