27 February 2024

Global Markets Research

Daily Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral

USD/MYR opened 0.01% higher at 4.7778 and trended higher to 4.7793 at the point of writing. We have a neutral outlook for this pair today as we expect trading to be largely modest as markets await US 4Q GDP and core PCE later in the week for more clues on the US economy and the Fed policy path. Overnight, new home sales grew for the second month, albeit slower than expected while today, we will be watching out for the Conference Board consumer confidence, durable and capital goods orders as well as FHFA and S&P CoreLogic house prices. In Fed speak, President Jeffrey Schmid said that the central bank should be cutting rates with inflation still above the 2% target and that the job market is still strong, and this should lend support to USD 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. 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	R2
USD/MYR	4.7652	4.7713	4.7793	4.7878	4.7991

USD/SGD

USD/SGD Neutral

USD/SGD opened flat at 1.3444, largely oscillated around the opening levels and is currently trading at 1.3441 at the point of writing. Given that this pair will be predominantly USD-driven, we have a neutral outlook for this pair pending the release of the core-PCE prices later in the week. Overnight, Singapore's data showed that that IPI growth came below expectations in January, with output rebounding by 1.1% on a y/y basis but remained contractionary at 5.7% m/m and appeared to have mild impact for this pair.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3400	1.3427	1.3441	1.3454	1.3463

MYR Crosses

SGD/MYR

SGD/MYR Neutral

SGD/MYR opened 0.03% higher at 3.5551, largely traded within 3.5527-3.5565 before settling at 3.5583 at the point of writing. As such, we have a neutral outlook for this pair, eyeing trading range between 3.5502-3.5609.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.5463	3.5502	3.5558	3.5609	3.5682

GBP/MYR

GBP/MYR Neutral

GBP/MYR opened 0.08% higher at 6.0621 although it pared some of its gains to trade at 6.0602 at the point of writing. We have a neutral outlook on this pair given the tug of war between GBP and MYR weakness. As it is, the GBP/USD pair extended its downtrend to below the 1.2700 psychological barrier during the early Asian session.

	S2	S1	Indicative	R1	R2
GBP/MYR	6.0366	6.0469	6.0602	6.0688	6.0849

AUD/MYR

AUD/MYR Neutral

AUD/MYR opened 0.07% lower at 3.1253 before sliding to 3.1241 at the point of writing. Daily outlook is neutral as AUD/USD saw a tug of war between higher Australian sovereign bond yields this morning and persistent jitters surrounding the Chinese economy and soft iron ore prices. As it is, AUD/USD gave away and retreated to as low as 0.6531 this morning before rebounded to 0.6538 at the point of writing.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.1051	3.1171	3.1241	3.1343	3.1411

Source: Bloomberg, HLBB Global Markets Research

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