29 January 2024

Global Markets Research

Daily Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts –Neutral

USD/MYR opened 0.05% lower at 4.7275 before rebounding to 4.7288 at the point of writing. Daily outlook is neutral as investors largely stay cautious ahead of the FOMC meeting, and more importantly, the tone of its accompanying statement. On Friday, the greenback weakened after core-PCE price inflation eased but personal spending and pending home sales came in better than expected. It will be a data heavy week with US labour, housing and manufacturing numbers set to be published to shape expectations on future rate 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	4.7135	4.7218	4.7288	4.7390	4.7479

Hong Leong Bank

USD/SGD

USD/SGD Neutral

USD/SGD opened flat at 1.3411, shot up as much as 1.3430 after MAS decided to stay pat in its monetary policy meeting, before quickly retreating back to 1.3410 at the point of writing. Since this will be a data light week on the Singapore front with only the official PMI on deck and investors largely waiting FOMC's decision, we have a neutral outlook eyeing trading range between 1.3397-1.3421.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3383	1.3397	1.3410	1.3421	1.3431

MYR Crosses

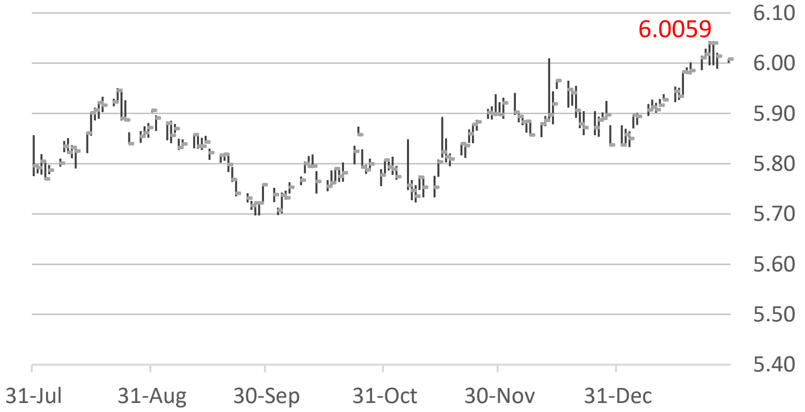
SGD/MYR

SGD/MYR Neutral

SGD/MYR opened 0.17% lower at 3.5223 before paring its losses to trade at 3.5276 at the point of writing. Daily outlook is neutral, eyeing a trading range of 3.5218-3.5351. It will be a data light for Malaysia, with only the S&P PMI on deck. Hence, the pair will take cue from FOMC and US data.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.5152	3.5218	3.5276	3.5351	3.5418

GBP/MYR

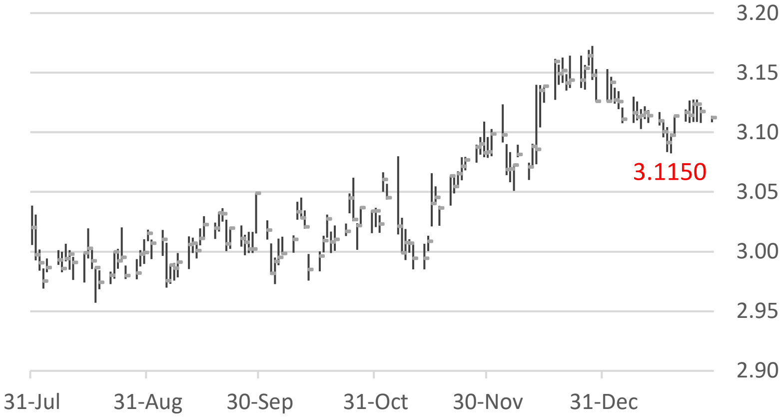


GBP/MYR Neutral-to-Slightly Bearish

GBP/MYR opened 0.20% lower at 6.0020 before paring some of its losses to trade at 6.0059 at the point of writing. Daily outlook is neutral-to-slightly bearish given the lower opening and GBP weakness. As it is, GBP/USD weakened to below the 1.2700 handle this morning. Focus this week will be the BOE decision. Comments in the statement and from the officials will be scrutinized for further clues to the timing of rate cuts.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.9745	5.9946	6.0059	6.0270	6.0402

AUD/MYR



AUD/MYR Neutral-to-Slightly Bearish

AUD/MYR opened 0.25% lower at 3.1094 before paring some of its losses to trade at 3.1150 at the point of writing. Daily outlook is neutral-to-slightly bearish given the lower opening but losses will be capped by AUD strength due to China stimulus. Investors will also be watching out for the upcoming CPI and retail sales data.

arc	S2	S1	Indicative	R1	R2
AUD/MYR	3.1022	3.1098	3.1150	3.1231	3.1288

Source: Bloomberg, HLBB Global Markets Research

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