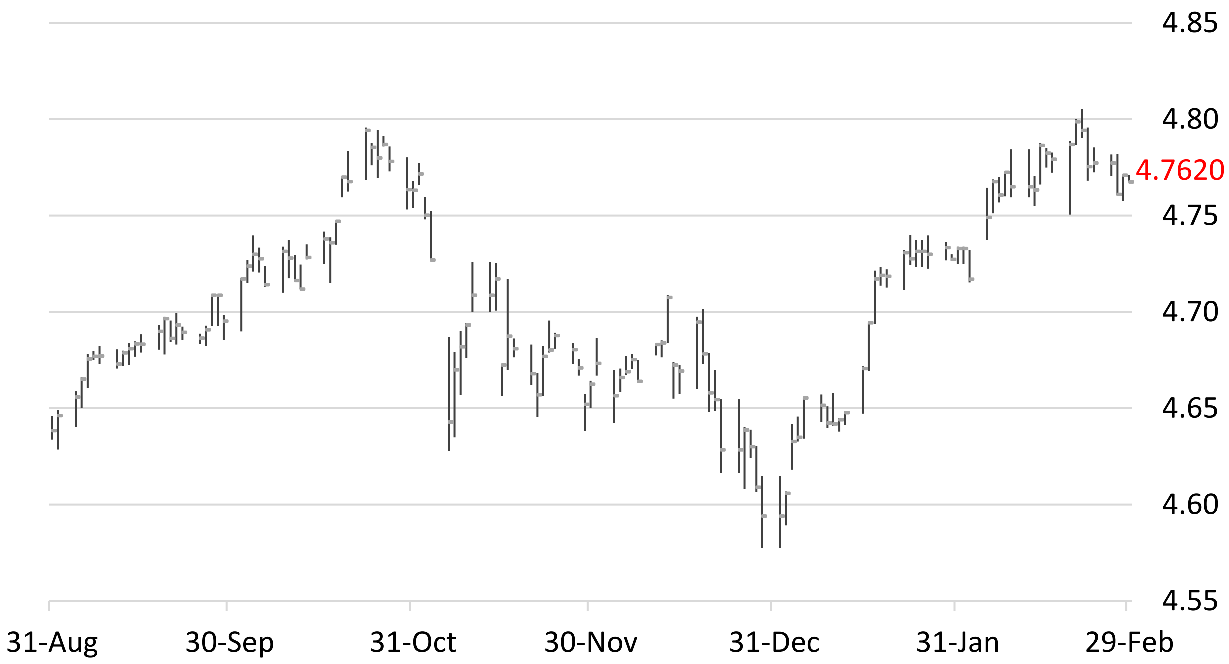
29 February 2024

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bearish

USD/MYR opened flat at 4.7710 and slid to 4.7620 at the point of writing. Daily outlook is neutral-to-slightly bearish as MYR pushed back further weakness in the currency following central bank's comments that the MYR is undervalued. On the USD front, greenback resumed its downward trend against its G10 peers with the DXY sliding to 103.90 at the point of writing, while noting that US core-PCE prices due today will offer some hints about the inflation trajectory in the US as well as more clues on the direction for USD/MYR. Overnight, 4Q GDP was revised lower despite stronger consumer spending, while Fed officials emphasized incoming economic data to guide the pace of interest rate cuts. Both Fed Presidents Susan Collins and John Williams said that Fed's first rate cut will likely be appropriate later this year, while Raphael Bostic said that he's currently pencilling one cut sometime this summer.

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	4.7395	4.7530	4.7620	4.7755	4.7800

USD/SGD

USD/SGD Neutral-to-Slightly Bearish

USD/SGD opened flat at 1.3462 before sliding to 1.3451 at the point of writing, Daily outlook is neutral-to-slightly bearish given the downward trajectory post opening, but losses will be capped at 1.3441 (S1) and 1.3419 (S2) respectively as investors remained cautious over any surprises in the core-PCE prices tonight. As it is, consensus is expecting prices to ease slightly to +2.8% y/y in January from +2.9% y/y previously.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3419	1.3441	1.3450	1.3478	1.3493

MYR Crosses

SGD/MYR

SGD/MYR Neutral-to-Slightly Bearish

SGD/MYR opened 0.08% higher at 3.5445 before paring all its gains to trade at 3.5406 at the point of writing. Daily outlook is neutral-to-slightly bearish given the downward trajectory post opening, but appeared firmly supported at the 3.5381 (S1) level.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.5347	3.5381	3.5406	3.5471	3.5533

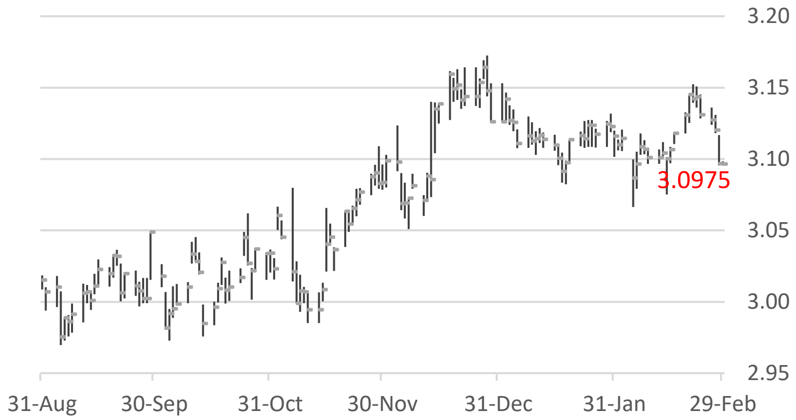
GBP/MYR

GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.27% higher at 6.0399 before earing some of it gains to trade at 6.0291 at the point of writing, Daily outlook is neutral-to-slightly bullish given the higher opening, but gains to be capped as GBP weakened against regionals and slid in tandem with risker assets. This pair will face R1 and R2 at 6.0451 and 6.0638 respectively.

	S2	S1	Indicative	R1	R2
GBP/MYR	6.0077	6.0157	6.0291	6.0451	6.0638

AUD/MYR



AUD/MYR Neutral-to-Slightly Bullish

AUD/MYR opened 0.05% higher at 3.0983 and strengthened to 3.0975 at the point of writing. Daily outlook is neutral-to-slightly bullish on AUD strength. AUD/USD spiked to 0.6506 at the point of writing from its intraday low of 0.6491 after Australia's retail sales data came in better than expected this morning.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0817	3.0892	3.0975	3.1105	3.1243

Source: Bloomberg, HLBB Global Markets Research

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