

13 May 2024

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bullish

USD/MYR opened 0.02% higher at 4.7405 and trended up to 4.7465 at the point of writing. Daily outlook is neutral-to-slightly bullish on USD strength, amidst higher Treasury yields after the unexpected spike in inflation expectations as well as Fed officials continuing to flag a careful path to rate cuts. Of note, Fed President Lorie Logan commented that it was too soon to be cutting interest rates, while Fed President Michelle Bowman sees Fed on hold with no 2024 cuts. Investors will nonetheless strike a cautious tone this week with the release of the final print to Malaysia’s 1Q GDP as well as first tier data from the US, namely the CPI and retail sales indicators.

1-Month Outlook – USD/MYR Neutral-to-Slightly Bearish

The USD/MYR outlook is neutral-to-slightly bearish as the upside for the DXY appeared to have peaked with the recent rise in the Dollar, amidst cooling signs of a labour market and after Fed Chair Jerome Powell hit a less than expected hawkish tone. Powell downplayed prospects of rate hikes despite the lack of further progress towards the 2% inflation objective in recent months, and with this, markets are now expecting Fed rate reductions to 1-2 cuts this year. Data wise, meanwhile, remains solid while price print points to uneven disinflation path. Domestically, MYR will be supported by expectations for an extended pause in the OPR, as recovery in exports, sustained domestic demand and upside risk to inflation amid imminent subsidy cuts should shield BNM from any OPR cut. The ongoing tension between Israel and Iran could benefit both the USD and MYR, the latter benefitting from the higher oil prices, while the former benefitting from a safe-haven bid in the forex market.

	S2	S1	Indicative	R1	R2
USD/MYR	4.7379	4.7415	4.7465	4.7485	4.7538

USD/SGD

USD/SGD Neutral

USD/SGD opened flat at 1.3546, traded within 1.3536-1.3553 before settling at 1.3548 at the point of writing. Given the range bound trading and with little key catalyst, we have a neutral outlook for this pair today, eyeing a trading range of 1.3527-1.3562. A quiet week on the Singapore front with only the NODX due to be released this Friday.



	S2	S1	Indicative	R1	R2
USD/SGD	1.3510	1.3527	1.3548	1.3562	1.3579

MYR Crosses

SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.10% lower at 3.4995 but quickly pared its losses to trade above its previous close at 3.5035 at the point of writing. Daily outlook is neutral-to-slightly bullish given relative SGD strength against regionals, facing R1 and R2 at 3.5084 and 3.5145 respectively.

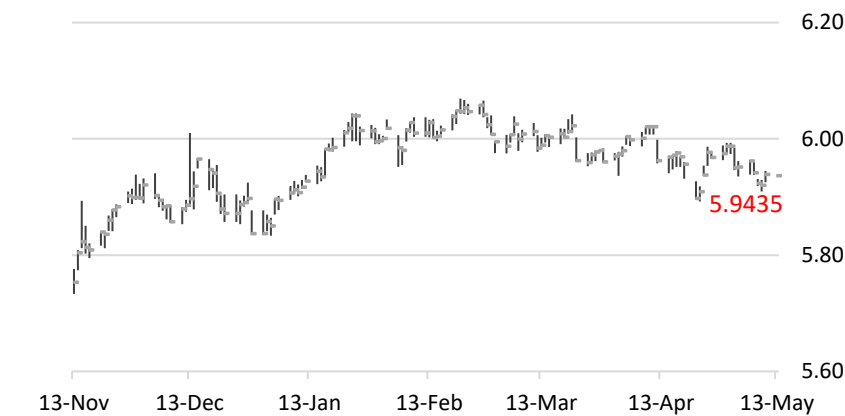


	S2	S1	Indicative	R1	R2
SGD/MYR	3.4961	3.4996	3.5035	3.5084	3.5145

GBP/MYR

GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.04% lower at 5.9363 before quickly rebounding to 5.9435 at the point of writing. Daily outlook is neutral-to-slightly bullish given GBP strength post upside surprise to its 1Q GDP. GBP/USD is currently hovering above the 1.2500 level but we note that buying momentum is fading, capping gains for the pair. Moreover, investors will also stay cautious ahead of the labour data this week.



	S2	S1	Indicative	R1	R2
GBP/MYR	5.9308	5.9367	5.9435	5.9461	5.9496

AUD/MYR

AUD/MYR Neutral-to-Slightly Bearish

AUD/MYR opened 0.15% lower at 3.1290 and slid to 3.1278 at the point of wiring. Daily outlook is neutral-to-slightly bearish as AUD/USD weakened to below 0.6600 in early Asian session. The weaker NAB Business Conditions (7 vs 9) data this morning also does not bode well for the AUD today. This week will see the release of first tier data on the Aussie front from its jobs report to its wage price index.

Cess	S2	S1	Indicative	R1	R2
AUD/MYR	3.1179	3.1228	3.1278	3.1297	3.1327

Source: Bloomberg, HLBB Global Markets Research

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