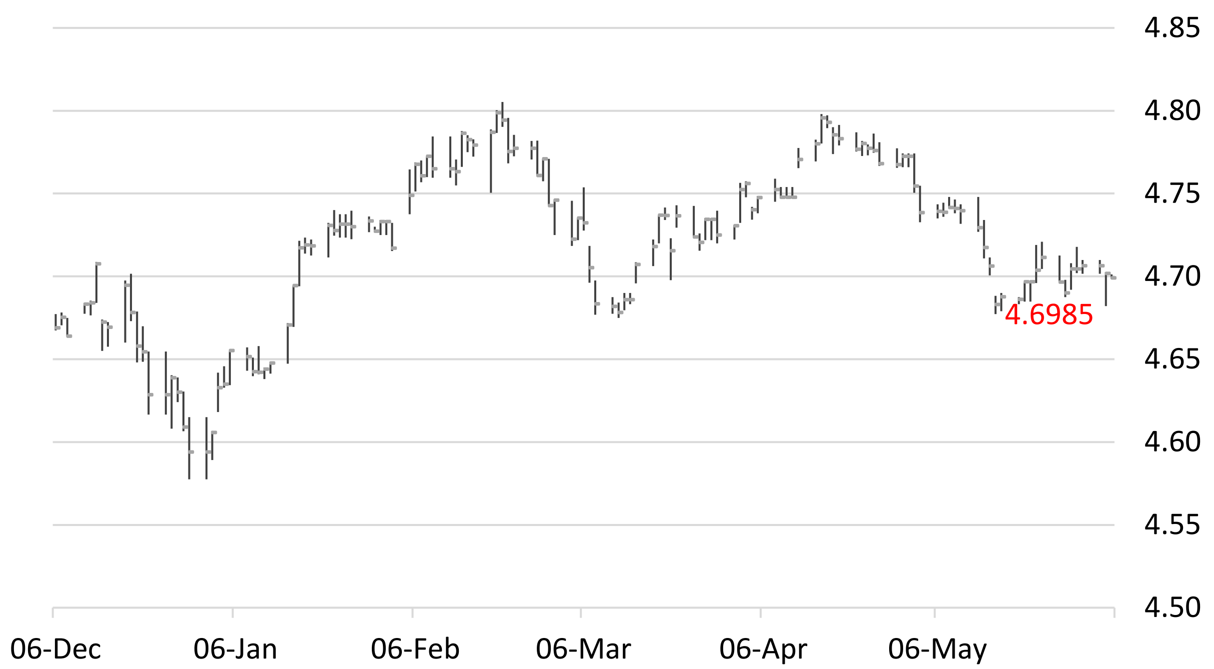
5 June 2024

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral

USD/MYR opened 0.01% lower at 4.7010, traded within a narrow range of 4.6982-4.7020 range before settling at 4.6985 at the point of writing. We prefer to stay neutral today with a bearish bias, as we expect investors to maintain a cautious stance after the US job openings data came weaker than expected overnight, a potential preclude to a soft ADP Employment number tonight as well as the highly tracked nonfarm payroll later in the week.

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, forward looking data that suggests gradual weakening in economic conditions in 2Q and after Fed Chair Jerome Powell and May FOMC meeting hit a less than expected hawkish tone despite an uneven disinflation path. This comes after US price prints continue to come in hotter than expected, while inflation expectations also unexpectedly spiked. 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	4.6920	4.6958	4.6985	4.7034	4.7079

USD/SGD

USD/SGD Neutral

USD/SGD opened flat at 1.3467, traded within 1.3458-1.3473 range before settling at 1.3462 at the point of writing. Given that this is a USD-driven pair, again, we have a neutral outlook eyeing trading range between 1.3458-1.3474. On the Singapore front, key risk today is the retail sales data where expectations is that it will decelerate to +1.9% y/y from +2.7% y/y previously.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3450	1.3458	1.3462	1.3474	1.3482

MYR Crosses

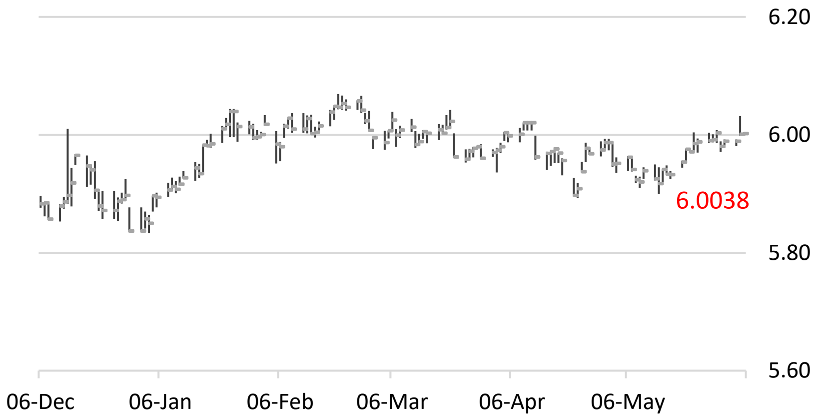
SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.09% higher at 3.4911, strengthened to 3.4925 before losing some of its lustre to trade at 3.4904 at the point of writing. Daily outlook is neutral-to-slightly bullish on SGD strength against regionals as well as on the back of the uptick in Singapore's S&P PMI data this morning (54.2 vs 52.6). This pair, will nonetheless face resistance at 3.4952 (R1) and 3.4966 (R2).

	S2	S1	Indicative	R1	R2
SGD/MYR	3.4834	3.4864	3.4904	3.4952	3.4966

GBP/MYR

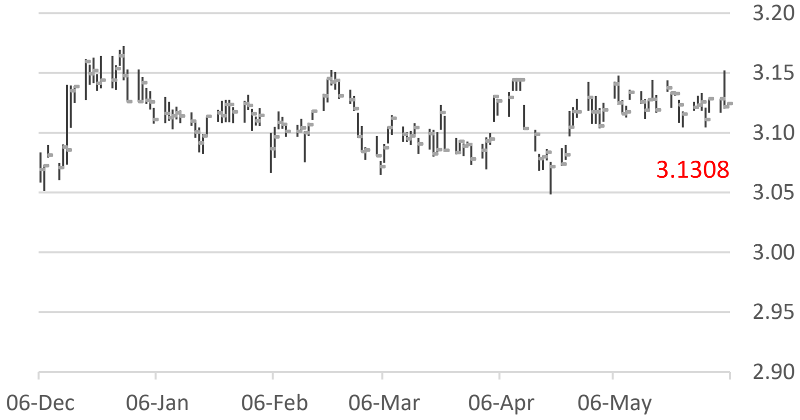


GBP/MYR Neutral

GBP/MYR opened 0.05% higher at 6.0043 and retreated slightly to 6.0038 at the point of writing. Daily outlook is neutral as both currencies lost ground after safe have flows and saw GBP/USD trading below the 1.2800 level at the point of writing. Key risk today is the final revision to UK's S&P Services PMI.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.9940	5.9981	6.0038	6.0064	6.0105

AUD/MYR



AUD/MYR Neutral-to-Slightly Bullish

AUD/MYR opened 0.08% higher at 3.1242 and jumped to 3.1308 at the point of writing. Daily outlook is neutral to slightly bullish as AUD/USD spiked to 0.6663 at the point of writing after China's PMI came better than expected, eclipsing the slower than expected 1Q GDP growth for Australia (0.1% q/q vs 0.3% q/q).

Cess	S2	S1	Indicative	R1	R2
AUD/MYR	3.1185	3.1244	3.1308	3.1338	3.1468

Source: Bloomberg, HLBB Global Markets Research

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