5 August 2024

Global Markets Research

Daily Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bearish

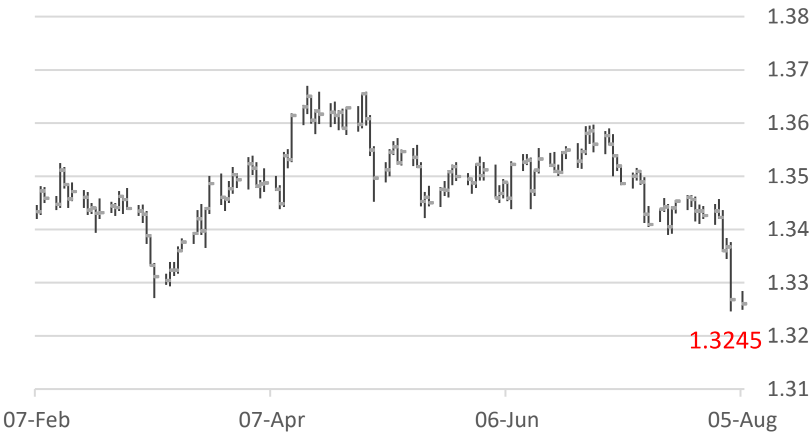
USD/MYR opened flat at 4.4970 and slid to 4.4353 at the point of writing. Daily outlook is neutral-to-slightly bearish, hit by double-whammy of MYR strength and USD weakness today, the latter driven by fears that the US could sink into a recession after the much weaker than expected NFP print last Friday. This sent markets upping their bets of more cuts going forward, with the futures currently pencilling in 4-5 rate cuts by end-2024, not boding well for USD today. Next on deck today is the ISM-Services print, where expectations are that it will rebound to expansionary zone for July.

1-Month Outlook – USD/MYR Neutral

The USD/MYR outlook is neutral given its oversold position, which will more than offset expectations of broad USD weakness going forward, the latter weighed down by a much softer labour data prints in July, further signs of disinflation and gradual weakening in economic conditions in 3Q. This has sent markets pencilling in at least 3 rate cuts by end-2024 at the point of writing, narrowing the interest rate differentials between the US and Malaysia. 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.

	S2	S1	Indicative	R1	R2
USD/MYR	4.3088	4.3808	4.4353	4.5248	4.5968

USD/SGD



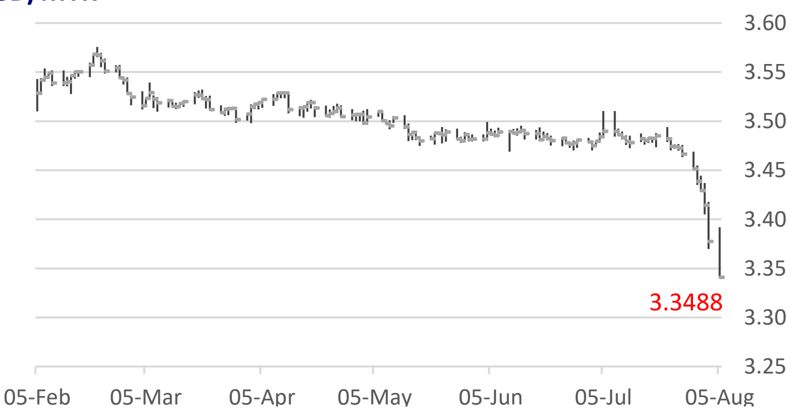
USD/SGD Neutral-to-Slightly Bearish

USD/SGD opened 0.10% higher at 1.3281 and quickly retreated to 1.3245 at the point of writing. Daily outlook is neutral-to-slightly bearish on the back of USD weakness, with key risk on the Singapore front today being the upcoming retail sales numbers. As it is, sales is expected to gain momentum to +3.9% y/y, echoing the uptick in its composite PMI print this morning (57.2 vs 55.2).

	S2	S1	Indicative	R1	R2
USD/SGD	1.3145	1.3199	1.3245	1.3476	1.3307

MYR Crosses

SGD/MYR

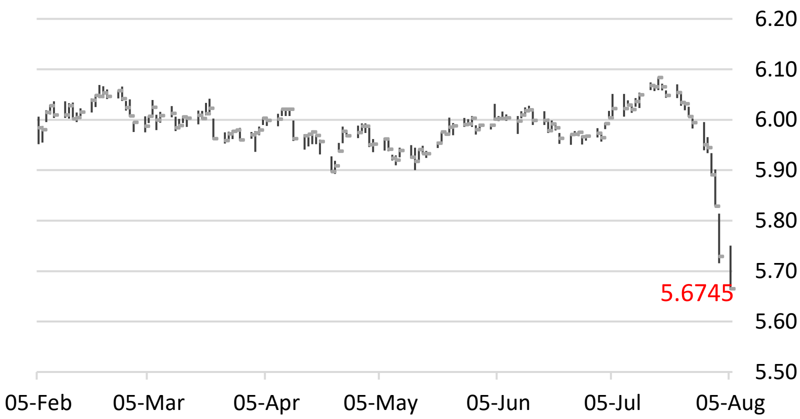


SGD/MYR Neutral-to-Slightly Bearish

SGD/MYR opened 0.44% higher at 3.3920 but quickly took a U-turn to 3.3488 at the point of writing. Daily outlook is neutral-to-slightly bearish given MYR strength, while noting that significantly oversold position would cap losses for this pair at 3.3275 (S1) and 3.3062 (S2) respectively.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.3062	3.3275	3.3488	3.3808	3.4132

GBP/MYR

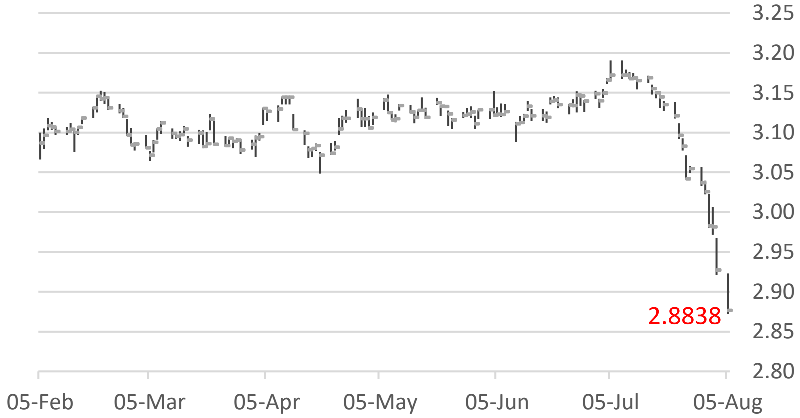


GBP/MYR Neutral-to-Slightly Bearish

GBP/MYR opened 0.38% higher at 5.7503 but MYR strength sent the pair retreating below its previous close to 5.6745 at the point of writing. Because of this, daily outlook is neutral-to-slightly bearish and eyeing support levels at 5.5995 (S1) and 5.5052 (S2) respectively.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.5052	5.5995	5.6745	5.7316	5.7882

AUD/MYR



AUD/MYR Slightly Bearish

AUD/MYR opened 0.18% lower at 2.9219 and slid to 2.8838 at the point of writing. Daily outlook is slightly bearish as the AUD/USD pair trades on a weaker note around 0.6501 at the point of writing, driven by the slight downward revision in its Services PMI and easing inflation gauge this morning.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.7838	2.8377	2.8838	2.9455	2.9994

Source: Bloomberg, HLBB Global Markets Research

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