10 July 2024

Global Markets Research

Daily Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bearish

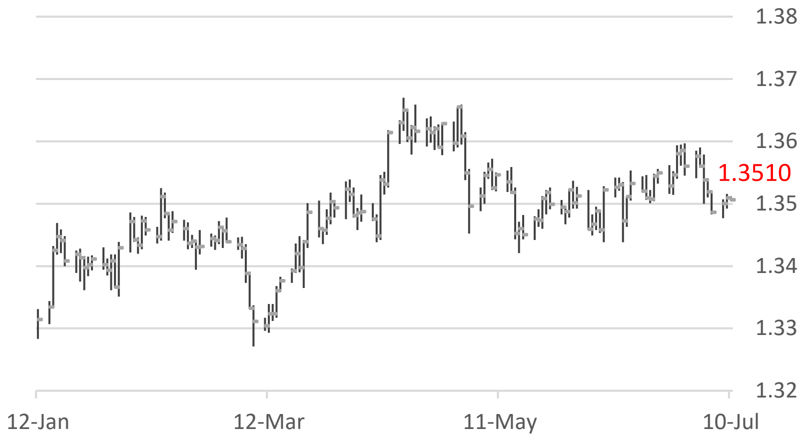
USD/MYR opened 0.01% lower at 4.7063 and drifted down further to 4.7041 at the point of writing. Daily outlook is neutral-to-slightly bearish on account of MYR strength, with losses likely capped as investors stay cautious ahead of Fed Chair Jerome Powell's testimony before the House Financial Services Committee today and price prints later in the week. Overnight, Powell continued to flag "two-sided risks" to the economy, refraining from offering a clear guidance on the timing of the first rate cut in his testimony to the Senate Banking Committee.

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-but-still resilient signs of a labour market, forward looking data that suggests gradual weakening in economic conditions in 2Q. Nonetheless, Fed officials have repeated stressed the need for more good data on the inflation front, and as such, this should keep rate cut expectations and marked weakening in the Dollar, in check. 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 in the Middle-east 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	4.6874	4.6975	4.7041	4.7110	4.7177

USD/SGD



USD/SGD Neutral

USD/SGD opened flat at 1.3509, traded within 1.3504-1.3512 before settling just above the flatline at 1.3510 at the point of writing. With Powell's testimony and US price prints as well as 2Q GDP on the Singapore front at risk this week, we expect investors to largely stay cautious and neutral for this pair, eyeing trading range between 1.3501-1.3515 today.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3493	1.3501	1.3510	1.3515	1.3523

MYR Crosses

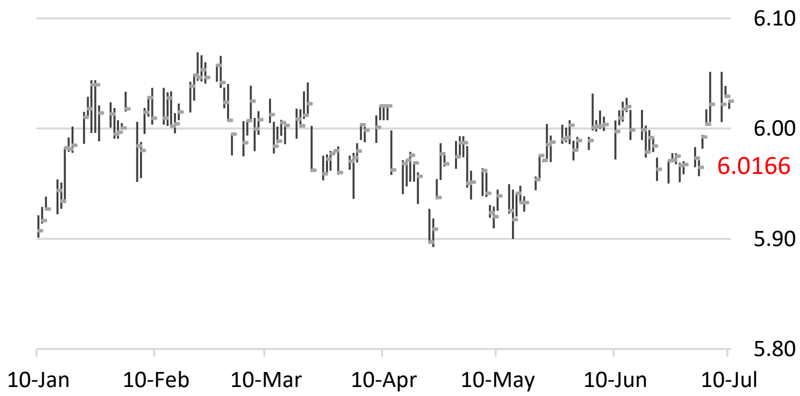
SGD/MYR

SGD/MYR Neutral-to-Slightly Bearish

SGD/MYR opened 0.03% lower at 3.4848 and slid to 3.4827 at the point of writing. Daily outlook is neutral-to-slightly bearish given MYR strength, with support levels seen at 3.4765 (S1) and 3.4686 (S2) respectively. While there is no data on deck today, we will be watching out for BNM's monetary policy decision and accompanying statement tomorrow.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.4686	3.4765	3.4827	3.4874	3.4924

GBP/MYR

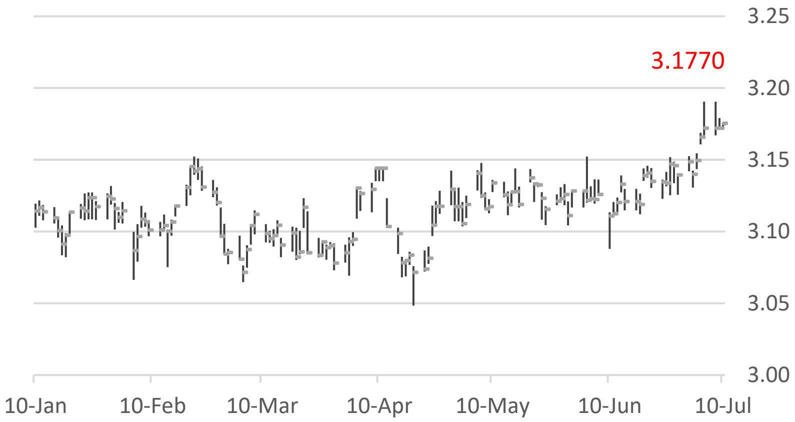


GBP/MYR Neutral-to-Slightly Bearish

GBP/MYR opened 0.19% lower at 6.0177 and slid to 6.0166 at the point of writing. Given the lower opening and MYR strength, we have a neutral-to-slightly bearish outlook for this pair, eyeing S1 and S2 at 6.0110 and 6.0052 respectively.

	S2	S1	Indicative	R1	R2
GBP/MYR	6.0052	6.0110	6.0166	6.0249	6.0335

AUD/MYR



AUD/MYR Neutral-to-Slightly Bearish

AUD/MYR opened 0.02% higher at 3.1725 but quickly retreated to 3.1770 at the point of writing. Daily outlook is neutral-to-slightly bearish on account of AUD weakness. Data this morning showing that China continues to flirt with deflationary pressure also does not bode well for AUD.

	S2	S1	Indicative	R1	R
AUD/MYR	3.1634	3.1663	3.1770	3.1797	3.1886

Source: Bloomberg, HLBB Global Markets Research

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