

12 July 2024

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bearish

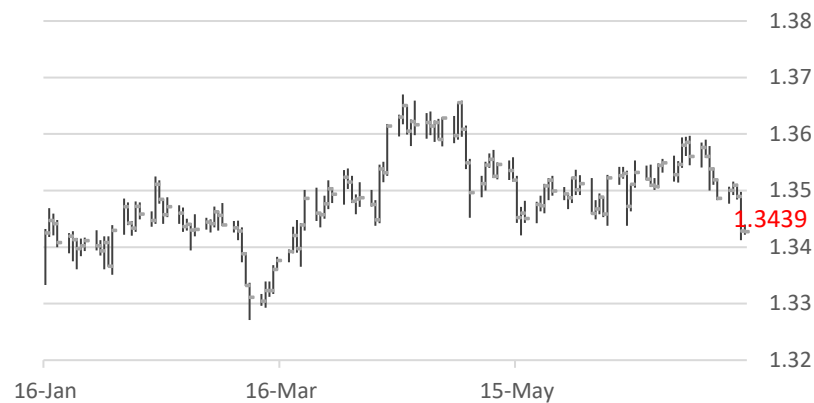
USD/MYR opened 0.32% lower at 4.6725 and slid slightly further to 4.6700 at the point of writing. Daily outlook is neutral-to-slightly bearish amidst a broad-market selloff of the USD overnight after US inflation softened more than expected to its lowest in 3 years. This saw traders upping its probability of 50bps rate cuts by end-2024 to around 86% from just 80% a few days ago, Domestically, BNM also maintained its OPR and neutral stance yesterday, and this is expected to support MYR today, especially in an environment of easing policies globally and narrowing the gap the interest rate differentials between Malaysia and the US. Losses, will nonetheless, be capped ahead of the US PPI print, which could disrupt plans for the rate-cut hopefuls. Also on deck is the University of Michigan consumer sentiment data, where expectations are that it will pick-up slightly to 68.5 in July from 68.2 previously.

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	4.6549	4.6636	4.6700	4.6808	4.6884

USD/SGD



USD/SGD Neutral

USD/SGD opened flat at 1.3428, posted a volatile strong rebound from intraday low of 1.3421 to 1.3439 at the point of writing and following the release of 2Q's GDP. Despite this, we are not convinced that the upper trajectory is sustainable given expectations of USD weakness and the pick-up in Singapore's q/q GDP print for 2Q this morning, and as such, we prefer to stay neutral for this pair.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3394	1.3412	1.3439	1.3458	1.3479

MYR Crosses

SGD/MYR

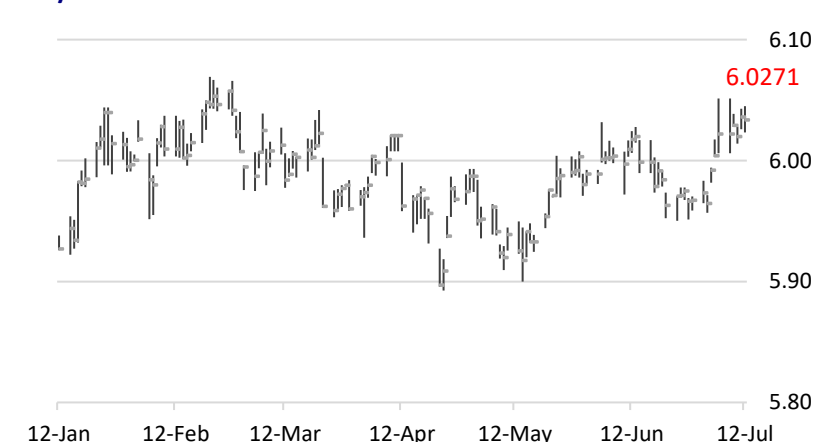


SGD/MYR Neutral-to-Slightly Bearish

SGD/MYR opened 0.39% higher at 3.4925 but quickly lost its lustre to trade at 3.4750 at the point of writing. Daily outlook is neutral-to-slightly bearish, hit by double whammy of MYR strength and SGD weakness against regionals, likely due to the risk on sentiment.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.4611	3.4696	3.4750	3.4896	3.5010

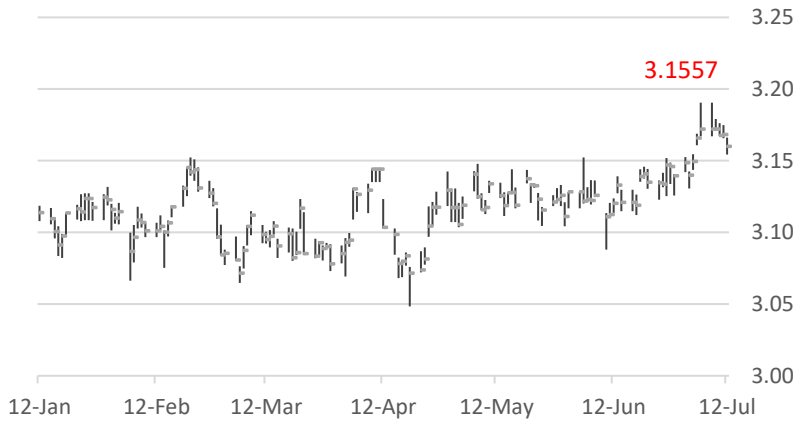
GBP/MYR



GBP/MYR Neutral-to-Slightly Bearish

GBP/MYR opened 0.14% higher at 6.0442 but quickly erased its gains to trade at 6.0271 at the point of writing. Daily outlook is neutral-to-slightly bearish on MYR strength and on profit taking after GBP's rally overnight. Just a recap, GBP/USD strengthened 0.5% d/d to 1.2915, its 1Y high after the strong 2Q GDP reading overnight.

	S2	S1	Indicative	R1	R2
GBP/MYR	6.0116	6.0216	6.0271	6.0433	6.0550

AUD/MYR

AUD/MYR Neutral-to-Slightly Bearish

AUD/MYR opened 0.07% lower at 3.1660 and slid to 3.1557 at the point of writing. Daily outlook is neutral-to-slightly bearish on MYR strength as BNM continues to weigh risks from the subsidy rationalisation measures, while the AUD also trended down against most regionals to 0.6756 against the Dollar. Key risk today is China's trade numbers, where expectations is that both exports and imports will accelerate to +8.0% y/y and +2.5% y/y in June.

	S2	S1	Indicative	R1	R
AUD/MYR	3.1355	3.1472	3.1557	3.1641	3.1711

Source: Bloomberg, HLBB Global Markets Research

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