

12 September 2024

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bullish

USD/MYR opened 0.06% higher at 4.3325 and strengthened to 4.3337 at the point of writing. Daily outlook is neutral to slightly bullish as the upside surprises in m/m core CPI data overnight tempered aggressive rate cut bets for the September FOMC meeting and sent Treasury yields higher. Although less impactful, we will see PPI prints and jobless claims today, and consensus is expecting core PPI and jobless claims to hold steady at 2.4% y/y and 227k respectively.

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

The USD/MYR outlook is neutral as the pair consolidates after the recent MYR rally, which will more than offset expectations of broad USD weakness going forward, the latter weighed down by a cooling labour prints, further signs of disinflation, gradual weakening in economic conditions in 3Q and more importantly, strongest ever signals for a September rate cut. This kept market pencilling in 25-50bps rate cuts in the September FOMC meeting and at least 4 rate cuts by end-2024 at the point of writing, narrowing the interest rate differentials between the US and Malaysia. This is, however, more aggressive than our expectations of 25bps in September and 75bps by end 2024, thus explaining our view that the USD will remain supported. Domestically, MYR will be supported by expectations for an extended pause in the OPR, as favourable growth prospects should shield BNM from any OPR cut.

	S2	S1	Indicative	R1	R2
USD/MYR	4.3238	4.3281	4.3337	4.3406	4.3484

USD/SGD

USD/SGD Neutral-to-Slightly Bullish

USD/SGD opened flat at 1.3041, traded within 1.3037-1.3052 before settling at 1.3044 at the point of writing. Daily outlook is neutral-to-slightly bullish today, with the pair expected to face resistance at 1.3061 (R1) and 1.3077 (R2) respectively. In the absence of economic data on the Singapore front, the key risks for this pair will largely be USD driven.



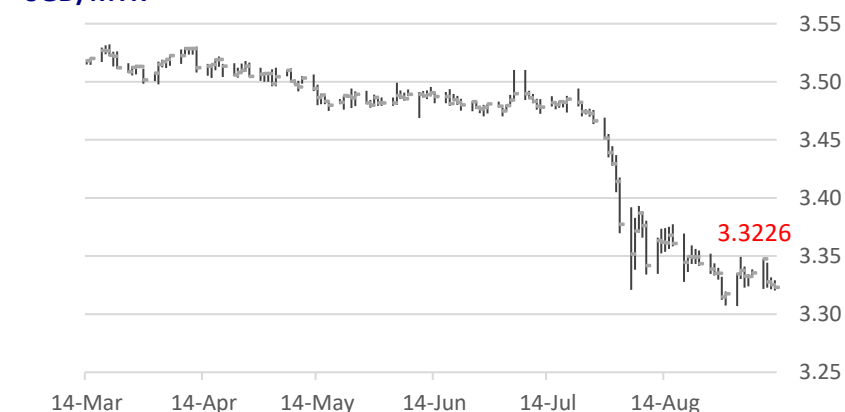
	S2	S1	Indicative	R1	R2
USD/SGD	1.3013	1.3029	1.3044	1.3061	1.3077

MYR Crosses

SGD/MYR

SGD/MYR Neutral

SGD/MYR opened 0.17% lower at 3.3191 before rebounding to 3.3226 at the point of writing. We prefer to stay neutral for this pair today eyeing trading range between 3.3123-3.3269. We expect trading to be largely quiet on the local front with the extended weekend, but next week, we will be watching out for trade numbers on both sides of the border.

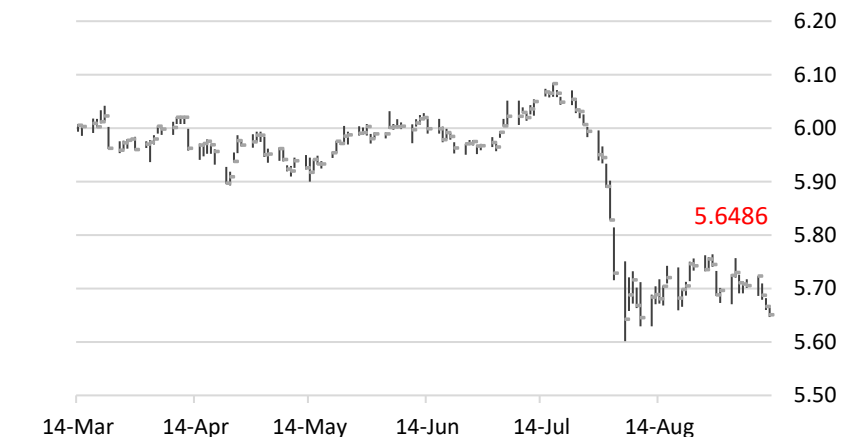


	S2	S1	Indicative	R1	R2
SGD/MYR	3.3021	3.3123	3.3226	3.3269	3.3327

GBP/MYR

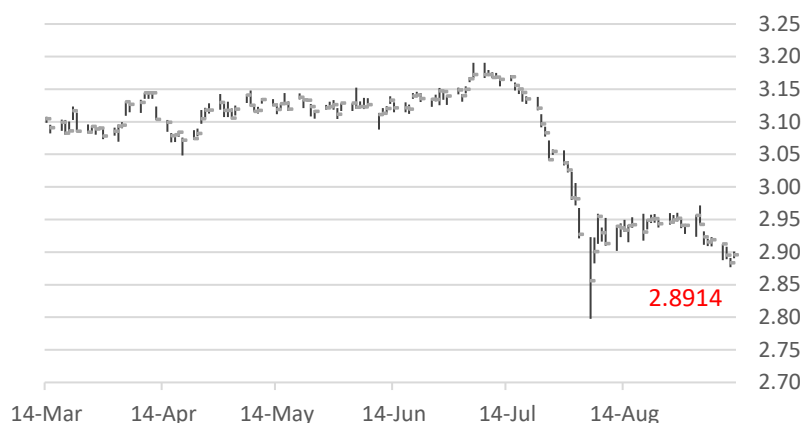
GBP/MYR Neutral-to-Slightly Bearish

GBP/MYR opened 0.26% lower at 5.6514 before erasing some of its losses to trade at 5.6486 at the point of writing. Daily outlook is neutral-to-slightly bearish as the GBP/USD settled back in red, circling around the 1.3030 level after the unremarkable July's GDP for the UK. Overnight data showed that economic growth stalled for the second month and was below street estimates.



	S2	S1	Indicative	R1	R2
GBP/MYR	5.6320	5.6387	5.6486	5.6585	5.6708

AUD/MYR



AUD/MYR Neutral-to-Slightly Bullish

AUD/MYR opened 0.34% higher at 2.8932 but pared some of its gains to trade at 2.8914 at the point of writing. Daily outlook is neutral-to-slightly as AUD/USD strengthened to 0.6675 at the point of writing after RBA's Assistant Governor Sarah Hunter commented overnight that the labour market remains tight, limiting the case for near-term policy rate cuts.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.8833	2,8874	2.8914	2.8982	2.9049

Source: Bloomberg, HLBB Global Markets Research

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