13 June 2024

Global Markets Research

Daily Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bearish

USD/MYR opened 0.15% lower at 4.7102 and slid to 4.7060 at the point of writing. Daily outlook is neutral-to-slightly bearish amidst expectations that MYR will benefit from a broadly risk-on-sentiment, following a cooler-than-expected print in US CPI inflation and as markets continue to pencil in 1-2 Fed rate cuts by the end-2024. As it is, the DXY still logged large losses overnight despite trimming its losses after a slight hawkish tilt in its dot plot, where PCE price projections were revised upwards and the number of rate cuts for 2024 was slashed to 1 from 3 previously. Next risk on deck will be US PPI data for May due today.

1-Month Outlook – USD/MYR Neutral

The USD/MYR outlook is neutral 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, but also an uneven disinflation path which 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 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	4.6938	4.7000	4.7060	4.7125	4.7188

USD/SGD

USD/SGD Neutral-to-Slightly Bullish

USD/SGD opened flat at 1.3472 and rose to 1.3489 at the point of writing. Daily outlook is neutral-to-slightly bullish given the upper trajectory post opening, with R1 and R2 seen at 1.3513 and 1.3544 respectively. Echoing CPI, US PPI data tonight is expected to ease to +0.1% m/m and +0.3% m/m respectively for headline and core from +0.5% m/m previously.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3453	1.3473	1.3489	1.3513	1.3544

MYR Crosses

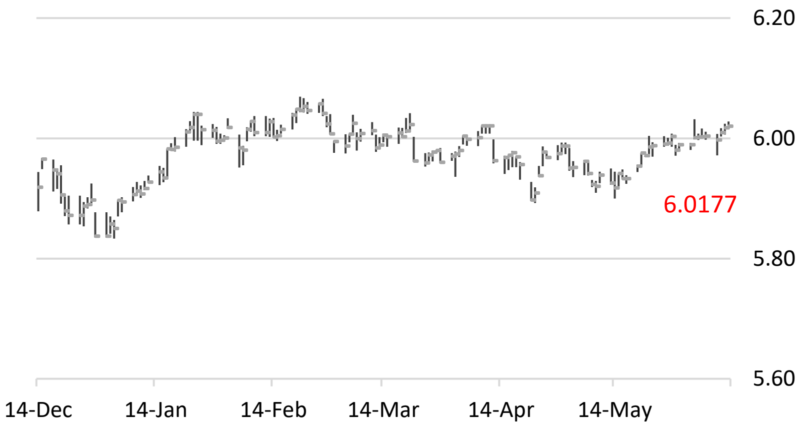
SGD/MYR

SGD/MYR Neutral-to-Slightly Bearish

SGD/MYR opened 0.31% higher at 3.4994 but quickly lost all its lustre to trade at 3.4886 at the point of writing. Daily outlook is neutral-to-slightly bearish on SGD weakness against regionals, as well as on the back that a risk-on sentiment will possibly benefit MYR more than SGD. We are, nonetheless, eyeing support levels of 3.4820 (S1) and 3.4715 (S2).

	S2	S1	Indicative	R1	R2
SGD/MYR	3.4715	3.4820	3.4886	3.5030	3.5135

GBP/MYR



GBP/MYR Neutral-to-Slightly Bearish

GBP/MYR opened 0.15% higher at 6.0266 but pared some of its gains to trade at 6.0177 at the point of writing. Daily outlook is neutral-to-slightly bearish as the GBP/USD pair loses some ground near the 1.2785 level amidst a stall in UK's GDP growth in April and as GBP/MYR veers towards slightly overbought territory. This pair is expected to be supported at 6.0128 (S1) and 6.0038 (S2) respectively.

	S2	S1	Indicative	R1	R2
GBP/MYR	6.0038	6.0128	6.0177	6.0309	6.0400

AUD/MYR

AUD/MYR Neutral-to-Slightly Bullish

AUD/MYR opened 0.58% higher at 3.1382 but pared some of its gains to trade at 3.1311 at the point of writing. Daily outlook is neutral-to-slightly bullish given the jump during the opening and favourable employment numbers this morning but gains seen capped given some weakness in AUD/USD below 0.6660.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.1209	3.1249	3.1311	3.1364	3.1433

Source: Bloomberg, HLBB Global Markets Research

Hong Leong Bank Berhad
Fixed Income & Economic Research, Global Markets
Level 8, Hong Leong Tower
6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel: 603-2081 1221
Fax: 603-2081 8936
Email: