13 August 2024

Global Markets Research

Daily Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bullish

USD/MYR opened 0.12% lower at 4.4485 but erased its losses and more to trade at 4.4657 at the point of writing. Daily outlook is neutral-to-slightly bullish given the upper trajectory post opening but gains largely capped amidst jitters ahead of key US economic data as well as the continued geopolitical tension in the Middle East. Data on deck today is US's NFIB Small Business Optimism Index as well as PPI prices, with the latter expected to ease to 2.3% y/y and 2.6% y/y for headline and core respectively.

1-Month Outlook – USD/MYR Neutral

The USD/MYR outlook is neutral given its slightly 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	4.4248	4.4418	4.4657	4.4758	4.4928

USD/SGD

USD/SGD Neutral

USD/SGD opened flat 1.3243 and inched up to 1.3245 at the point of writing. We prefer to stay neutral given the upcoming 1st tier data on the US and that there were no surprises on Singapore's 2Q GDP print this morning. We are eyeing trading range between 1.3237-1.3249 for this pair today.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3231	1.3237	1.3245	1.3249	1.3255

MYR Crosses

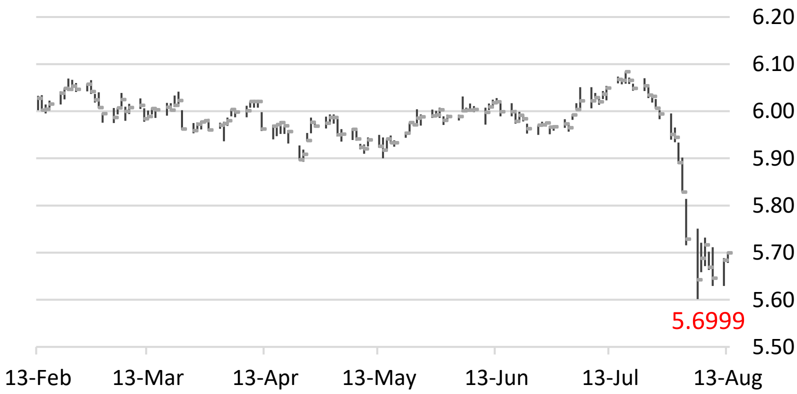
SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.03% higher at 3.3641 and strengthened to 3.3699 at the point of writing. Daily outlook is neutral-to-slightly bullish, on anticipation that SGD will be well supported after the government narrowed its 2024 GDP growth projections to the upper-end of its initial forecast at 2-3% this morning.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.3539	3.3619	3.3699	3.3744	3.3789

GBP/MYR

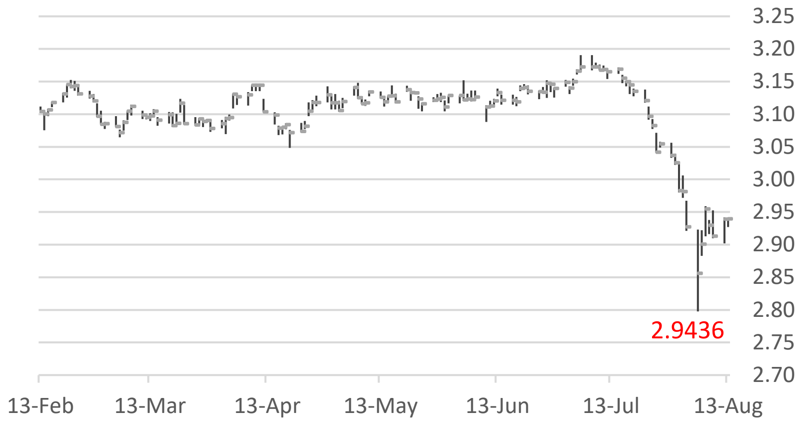


GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.13% higher at 5.6908 and trended higher to 5.6999 at the point of writing. Daily outlook is neutral-to-slightly bullish given GBP strength against regionals, but market sentiment towards GBP largely driven by labour data today and CPI prints later in the week. As it is, consensus is expecting labour indicators and wage growth to moderate in June.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.6461	5.6697	5.6999	5.7097	5.7187

AUD/MYR



AUD/MYR Neutral-to-Slightly Bullish

AUD/MYR opened 0.14% lower at 2.9348 but quickly rebounded to 2.9436 at the point of writing. Daily outlook is neutral-to-slightly bullish on AUD strength this morning after the still elevated wage growth data. This pair will face R1 and R2 at 2.9547 and 2.9715 respectively.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9043	2.9311	2.9436	2.9547	2.9715

Source: Bloomberg, HLBB Global Markets Research

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