15 August 2024

Global Markets Research

Daily Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bullish

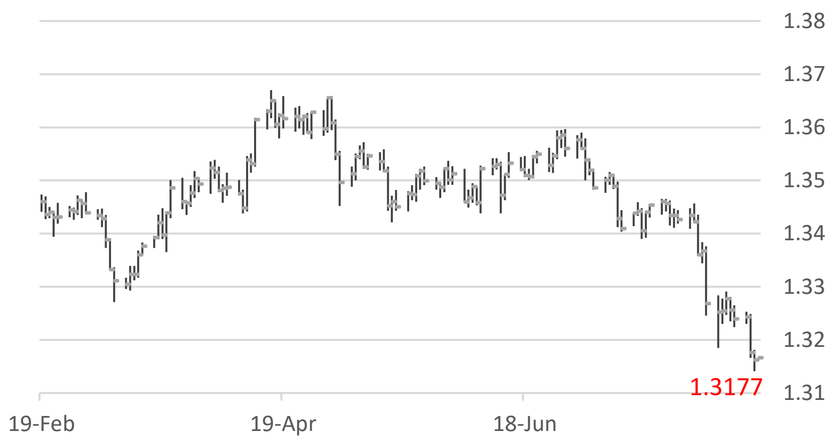
USD/MYR opened flat at 4.4202 before trending up to 4.4412 at the point of writing. Daily outlook is neutral-to-slightly bullish on USD strength, mirroring its upward trajectory overnight. As it is, while the easing y/y prices reaffirmed bets of a rate cut in September, prices accelerated on a m/m basis, suggesting that the fight against inflation is not over and markets remain divided on the magnitude of cuts after that. Expectations that the retail sales will accelerate to +0.4% m/m in June from a flat growth previously will also be supportive of the USD today, but also pose as the key risks for this pair today.

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	4.4088	4.4260	4.4412	4.4545	4.4658

USD/SGD



USD/SGD Neutral-to-Slightly Bullish

USD/SGD opened flat at 1.3162 and similar to the previous pair, trended up to 1.3177 at the point of writing. Daily outlook is neutral to slightly bullish, hit by double whammy of USD strength and SGD weakness against regionals, facing R1 and R2 at 1.3199 and 1.3222 respectively.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3130	1.3152	1.3177	1.3199	1.3222

MYR Crosses

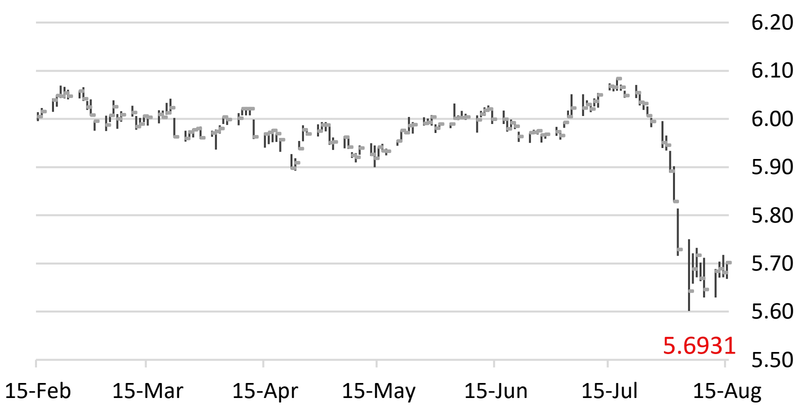
SGD/MYR

SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.13% lower at 3.3567 but quickly pared its losses and more to trade at 3.3686 at the point of writing. Daily outlook is neutral-to-slightly bullish given the upper trajectory post opening and facing R1 and R2 at 3.3865 and 3.4057 respectively. Key risk for this pair will be Malaysia's 2Q GDP and Singapore's NODX due to be released tomorrow.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.3289	3.3481	3.3686	3.3865	3.4057

GBP/MYR

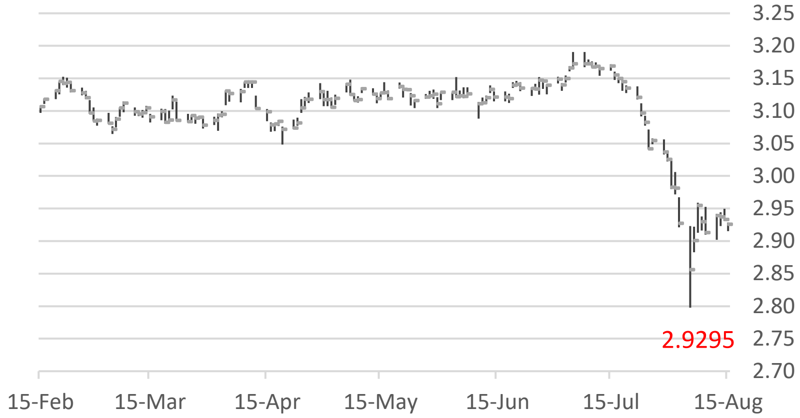


GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.22% lower at 5.6684 but rebounded to above its previous close to trade at 5.6931 at the point of writing. We have a neutral-to-slightly bullish outlook for this pair given the upper trajectory post opening, but expect gains to be capped given the pullback in GBP/USD to below the 1.2850 today following the milder than expected CPI prints. Next on deck is UK's GDP today.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.6157	5.6521	5.6931	5.7247	5.7610

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.56% lower at 2.9166 but quickly pared its losses to trade at 2.9295 at the point of writing. We prefer to stay neutral for this pair today, with the lower opening offset by anticipation of a stronger AUD after its labour prints came in much better than expected.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.8838	2.9053	2.9295	2.9483	2.9698

Source: Bloomberg, HLBB Global Markets Research

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