16 August 2024

Global Markets Research

Daily Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bullish

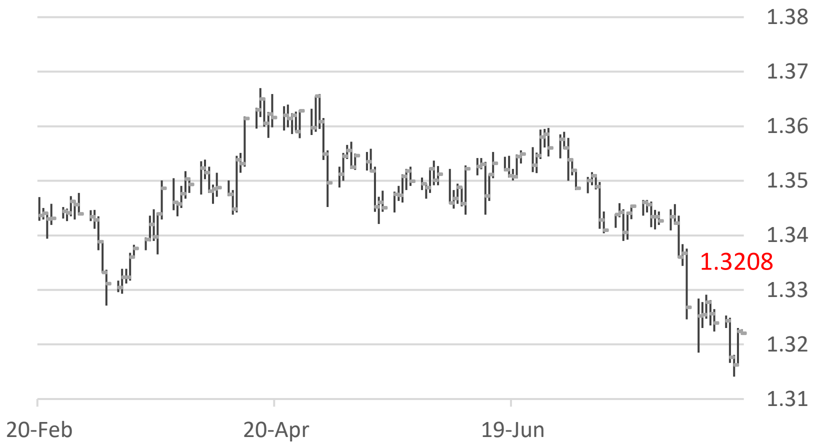
USD/MYR opened 0.18% higher at 4.4455 and advanced to 4.4488 at the point of writing. Daily outlook is neutral-to-slightly bullish as the resilient consumer and labour prints in the US overnight saw traders paring Fed rate cut bets, sending UST yields higher and boosted appetite for the Dollar. Both US and Malaysian data takes centre stage today, with Malaysia's final 2Q GDP expected to be left unchanged at 5.8% y/y based on consensus estimates, but we expect to see mixed prints from the US, slightly negative for housing indicators but an improvement in consumer confidence.

1-Month Outlook – USD/MYR Neutral

The USD/MYR outlook is neutral as the pair continues to trade near its oversold position after the recent MYR rally, 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	4.4156	4.4359	4.4488	4.4767	4.4970

USD/SGD



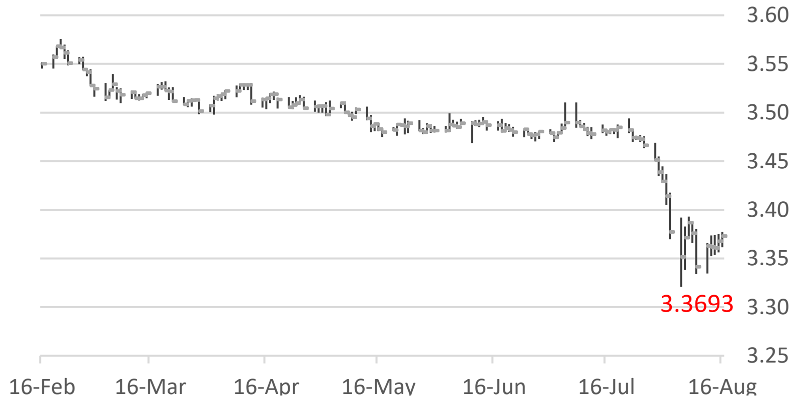
USD/SGD Neutral-to-Slightly Bearish

USD/SGD opened flat 1.3224 but quickly retreated to 1.3208 at the point of writing. We have a neutral-to-slightly bearish outlook for this pair today in anticipation of SGD strength after the much stronger upward surprise in its NODX print this morning. Downside will nonetheless, be limited at 1.3193 (S1) and 1.3172 (S2) respectively.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3172	1.3193	1.3208	1.3225	1.3242

MYR Crosses

SGD/MYR

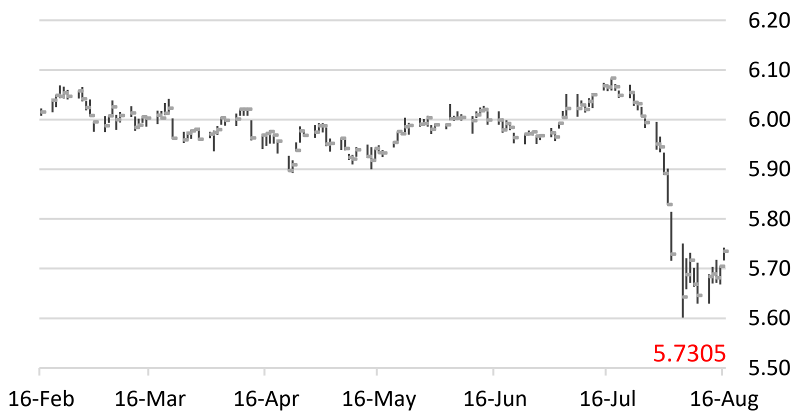


SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.35% lower at 3.3560 before erasing all its losses to trade at 3.3693 at the point of writing. Daily outlook is neutral-to-slightly bullish given the upper trajectory post opening and positive sentiment towards SGD this morning, but gains largely capped given cautiousness ahead of Malaysia's GDP print at noon.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.3265	3.3478	3.3693	3.3905	3.4118

GBP/MYR

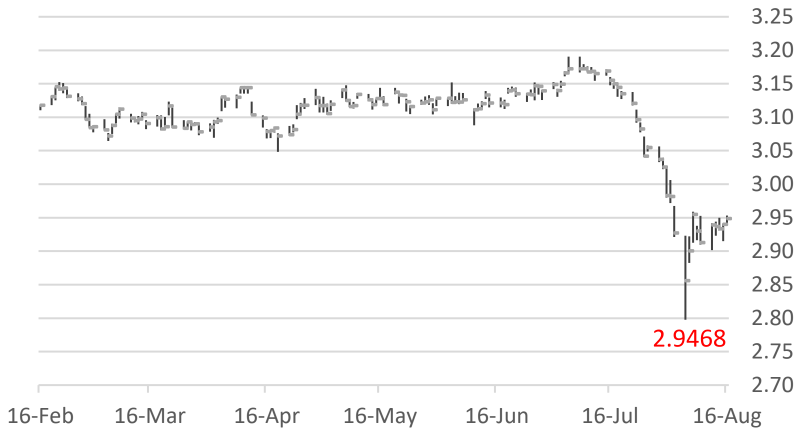


GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.21% higher at 5.7162 and strengthened to 5.7305 at the point of writing. Daily outlook is neutral-to-slightly bullish as GBP/USD held onto gains this morning following another quarter of steady growth in the UK. Potentially disrupting our outlook is a strong upward revision in Malaysia's 2Q print at noon.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.6789	5.7049	5.7305	5.7575	5.7873

AUD/MYR



AUD/MYR Neutral-to-Slightly Bullish

AUD/MYR opened 0.02% lower at 2.9394 but rebounded to 2.9248 at the point of writing. Daily outlook is neutral-to-slightly bullish as the AUD/USD trended up to 0.6626 after RBA Michele Bullock commented that it is too premature to think about rate cuts this morning and following the favourable labour prints down under yesterday.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9192	2.9332	2.9468	2.9611	2.9751

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: