

20 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 4.2092 but quickly lost its gains and traded down to 4.1925 at the point of writing. Daily outlook is neutral-to-slightly bullish from here today, with the pair now deep in oversold territory and approaching key support area of 4.1850/1900. The USD could also benefit from a safe haven bid before the weekend, given the significant escalation in geopolitical tensions in the Middle East. On the economic data front, an empty data calendar today in both jurisdictions, with the next key release domestically being the August CPI numbers due on Monday. Some resistance above for today is seen coming in at 4.2017 (R1) and 4.2136 (R2) but trading remains choppy and could see some outsized moves.

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

The USD/MYR outlook is neutral-to-slightly bullish as the pair consolidates after the recent MYR rally, which has seen it move into oversold conditions. While expectations of broad USD weakness going forward should continue to play out in the medium term, with the currency weighed down by a cooling labour prints, further signs of disinflation and a gradual weakening in economic conditions, the USD could regain some ground in the short term. The Fed reduced interest rates by 50bps at the September FOMC meeting and indicated more cuts to come this year, with the dot plot pointing to a further reduction of another 50bps for the rest of the year. The market though is pricing in nearly another three 25bps cuts for the remaining 2 FOMC meetings for the year, and an adjustment to this pricing could lend some support to the USD in the near term. Domestically, the MYR will be supported by expectations for an extended pause in the OPR.

	S2	S1	Indicative	R1	R2
USD/MYR	4.1716	4.1838	4.1925	4.2017	4.2136

USD/SGD



USD/SGD Neutral-to-Slightly Bullish

USD/SGD opened flat at 1.2917 and inched lower to 1.2912 at the point of writing. Daily outlook is neutral-to-slightly bullish, with the USD likely to benefit from safe haven flows going into the weekend, and an empty calendar on the both fronts for the day. Trading in the pair should be contained in the range of 1.2863 (S2) and 1.2971 (R2) today.

	S2	S1	Indicative	R1	R2
USD/SGD	1.2863	1.2890	1.2912	1.2944	1.2971

MYR Crosses

SGD/MYR



SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.16% lower at 3.2547 and slid further to 3.2471 at the point of writing. Daily outlook from here is neutral-to-slightly bullish with the cross deep in oversold territory, with an empty calendar today and the next key release being the August CPI numbers for both countries due on Monday. Some resistance above comes in at 3.2532 (R1) and 3.2620 (R2) for the cross today.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.2326	3.2414	3.2471	3.2532	3.2620

GBP/MYR



GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.12% higher at 5.5942 but lost its gains and plunged lower to 5.5683 at the point of writing. Daily outlook from the current level is neutral-to-slightly bullish with the cross now back in oversold territory with the move lower. UK retail sales for August are due to be reported in this afternoon and may influence trading in the cross today, with immediate support seen below at 5.5565 (S1).

	S2	S1	Indicative	R1	R2
GBP/MYR	5.5403	5.5565	5.5683	5.5800	5.5964

AUD/MYR



AUD/MYR Neutral-to-Slightly Bullish

AUD/MYR opened 0.27% lower at 2.8680 and slid further to trade at 2.8545 at the point of writing. Daily outlook is neutral-to-slightly bullish from current levels, with nothing of note in terms of economic data for both countries. Trading in the cross could be in a wider range of 2.8378 (S2) and 2.8715 (R2) for the day, given the recent volatility.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.8378	2.8483	2.8545	2.8607	2.8715

Source: Bloomberg, HLBB Global Markets Research

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damansara

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email:

DISCLAIMER

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter.

Potential and actual conflict of interest may arise from the activities of HLB Group. HLB Group constitute a diversified financial services group. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and other activities for their own account or the account of others. In the ordinary course of their business, HLB Group may effect transactions for their own account or for the account of their customers and hold long or short positions in the financial instruments. HLB Group, in connection with its business activities, may possess or acquire material information about the financial instruments. Such activities and information may involve or have an effect on the financial instruments. HLB Group have no obligation to disclose such information about the financial instruments or their activities.

The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.