21 May 2024

Global Markets Research

Daily Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bullish

USD/MYR opened 0.02% lower at 4.6853 before rebounding to 4.6950 at the point of writing. Daily outlook is neutral-to-slightly bullish after the Dollar strengthened further in early Asian trading, amidst Fed speaks who pushed back that one soft CPI print means inflation is tamed. As it is, DXY is trading up to 104.63 at the point of writing, but gains will be largely mild ahead of investors' nervousness ahead of the release of FOMC minutes.

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

The USD/MYR outlook is neutral-to-slightly bearish as the upside for the DXY appeared to have peaked with the recent rise in the Dollar, amidst cooling signs of a labour market, forward looking data that suggests gradual weakening in economic conditions in 2Q and after Fed Chair Jerome Powell and May FOMC meeting hit a less than expected hawkish tone despite an uneven disinflation path. This comes after US price prints continue to come in hotter than expected, while inflation expectations also unexpectedly spiked. 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	4.6718	4.6811	4.6950	4.6997	4.7090

USD/SGD

USD/SGD Neutral-to-Slightly Bullish

USD/SGD opened flat at 1.3475 before trending up to 1.3487 at the point of writing. We have a neutral outlook to slightly bullish outlook for this pair, facing R1 and R2 at 1.3502 and 1.3527 respectively. Other from the FOMIC minutes, upcoming key risks is Singapore's final 1Q GDP print early Thursday, as well as the CPI number for April. Expectations is that the final 1Q GDP will be revised slightly lower to 2.5% y/y while inflation rate held steady at 2.7% y/y.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3435	1.3457	1.3487	1.3502	1.3525

MYR Crosses

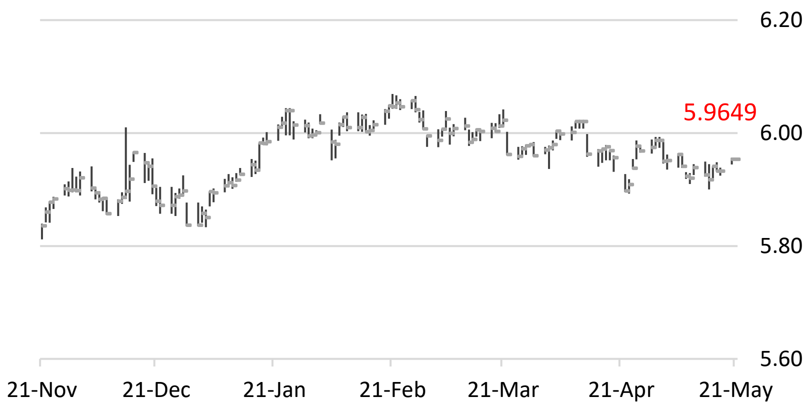
SGD/MYR

SGD/MYR Neutral

SGD/MYR opened 0.12% lower at 3.4778 but quickly rebounded to 3.4816 at the point of writing. This is just a shade below previous close, and as such, daily outlook is neutral. We expect trading to be also mild given the upcoming Wesak holiday on both sides of the border and ahead of the FOMC minutes.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.4653	3.4731	3.4816	3.4887	3.4965

GBP/MYR



GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.01% higher at 5.9541 and trended up further to 5.9646 at the point of writing. Daily outlook is neutral-to-slightly bullish as GBP/USD pair extended the rally near 1.2710 this morning. with investors awaiting fresh catalysts from the upcoming price prints.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.9358	5.9483	5.9649	5.9733	5.9858

AUD/MYR

AUD/MYR Neutral-to-Slightly Bearish

AUD/MYR opened 0.36% lower at 3.1260 before halving its losses to trade at 3.1309 at the point of writing. Daily outlook is neutral-to-slightly bearish given the lower opening and AUD/USD trading in the red at 0.6659 at the point of writing despite the latest minutes showing rate-hike discussing on renewed inflation concerns.

Cess	S2	S1	Indicative	R1	R2
AUD/MYR	3.1163	3.1230	3.1309	3.1364	3.1431

Source: Bloomberg, HLBB Global Markets Research

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