22 August 2024

Global Markets Research

Daily Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral

USD/MYR opened 0.40% lower at 4.3615 but pared its losses to trade at 4.3825 at the point of writing, a shade higher than its previous close. We have a neutral outlook for this pair in a tug of war between its oversold position and bearish sentiment against USD following the dovish FOMC minutes. With the majority of FOMC members already seeing a rate cut in the next FOMC meeting, weaker than expected labour data and intact disinflation trend, it is almost certain a September rate cut is in the bag. Next up, Friday's appearance from Fed Chairman Jerome Powell at the Jackson Hole symposium can be expected to set the overall tone of market sentiment heading into next week and more importantly, more concrete clues to the easing path going forward.

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 and civil service pay hikes should shield BNM from any OPR cut.

	S2	S1	Indicative	R1	R2
USD/MYR	4.3376	4.3598	4.3825	4.3952	4.4076

USD/SGD

USD/SGD Neutral

USD/SGD opened flat at 1.3058 but trended up to 1.3067 at the point of writing. We have a neutral outlook for this pair, eyeing trading range between 1.3039-1.3079 in a tug of war between its oversold position and broad SGD strength against G10 currencies this morning.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3019	1.3039	1.3067	1.3079	1.3099

MYR Crosses

SGD/MYR

SGD/MYR Neutral

SGD/MYR opened 0.17% higher at 3.3544, traded within the 3.3432-3.3562 range before settling at 3.3543 the point of writing. We prefer to stay neutral at this juncture pending the release of the CPI print today, which could surprise on the upside or downside. As it is, consensus is expecting inflation to pick up marginally to 2.1% in July from 2.0% previously.

rade	S2	S1	Indicative	R1	R2
SGD/MYR	3.3255	3.3382	3.3543	3.3623	3.3763

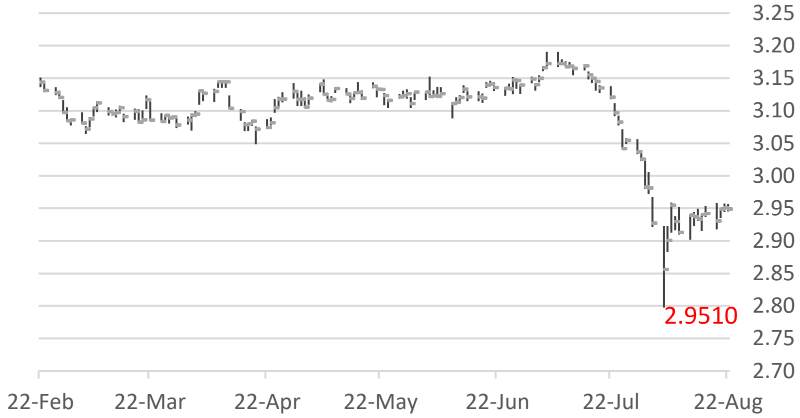
GBP/MYR

GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.49% higher at 5.7326 and edged up to 5.7336 at the point of writing. Daily outlook is neutral-to-slightly bullish as GBP/USD kept its bullish momentum in early morning trade, trading around the 1.3090 level. We will however keep a close eye on its upcoming PMI prints, but by large, is expected to remain largely steady.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.6837	5.7048	5.7336	5.7470	5.7681

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.16% higher at 2.9552 but quickly lost its lustre to trade at 2.9510 at the point of writing. Daily outlook is neutral with the higher opening offset by AUD weakness this morning. The AUD/USD traded down to 0.6732 level at the point of writing, largely shrugging of a still hawkish RBA and the improved PMIs this morning.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9277	2.9388	2.9510	2.9547	2.9613

Source: Bloomberg, HLBB Global Markets Research

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