

23 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 flat at 4.6967 before trending up to 4.7188 at the point of writing. Daily outlook is neutral to slightly bullish as emerging currencies like MYR weakened against the greenback after a hawkish Fed minutes, although the minutes offer no new insights from recent Fed rhetoric. This not only sent Treasury yields higher for the shorter-term tenures but also dampened risk appetite. Just a recap, the latest FOMC meeting flagged concerns that the current rates are insufficiently restrictive and also showed that policy makers discussed willingness to hike rates. With this out of the way, next key risks for this pair are the S&P PMIs, new home sales data followed by the durable and capital goods orders for guidance on business investment outlook.

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	4.6720	4.6900	4.7188	4.7260	4.7440

USD/SGD



USD/SGD Neutral

USD/SGD opened flat at 1.3508, traded within 1.3497-1.3512 before settling at 1.3506 at the point of writing. Daily outlook is neutral given that SGD has largely held steady against the greenback after its better than expected 1Q GDP this morning. Investors will also be on a close watch for the CPI data this afternoon, with consensus expecting it to hold stead at +2.7% y/y in April.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3481	1.3492	1.3506	1.3514	1.3525

MYR Crosses

SGD/MYR

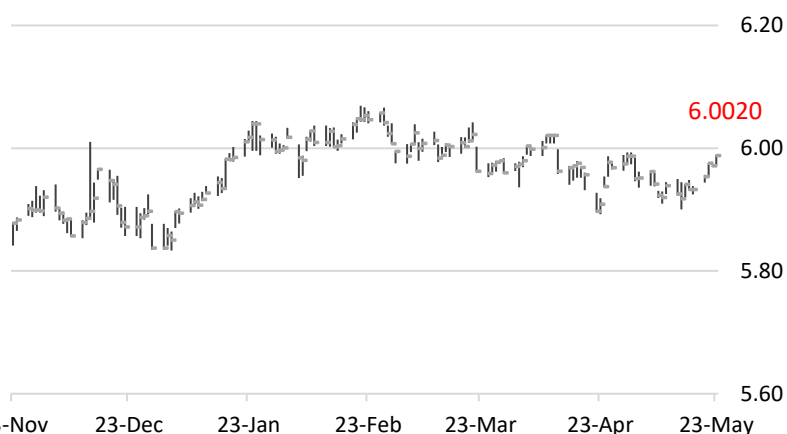


SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.28% lower at 3.4782 before quickly rebounding to 3.4930 at the point of writing. Daily outlook is neutral-to-slightly bullish in anticipation that SGD will benefit most amongst regionals in a risk-off environment, and this is indeed reflected in SGD strength against regional currencies this morning.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.4592	3.4727	3.4930	3.4997	3.5133

GBP/MYR



GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.02% lower at 5.9743 before quickly scaled above the 6.0000 psychological level to trade at 6.0020 at the point of writing. Daily outlook is neutral-to-slightly bullish as the GBP/USD pair extended the rally above the 1.2720 level this morning, as traders saw BOE cut lagging ECB after the hotter than expected price prints. We, nonetheless, expect volatility to gain momentum given the earlier than expected UK election.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.9371	5.9633	6.0020	6.0068	6.0157

AUD/MYR



AUD/MYR Neutral-to-Slightly Bearish

AUD/MYR opened 0.78% lower at 3.1086 before paring its losses to trade at 3.1220 at the point of writing. We have a neutral-to-slightly bearish outlook for this pair given the lower opening and as AUD registered losses below the 0.6620 level against USD. Not supportive of the AUD is the slightly softer reading for Judo Bank Composite PMI and consumer inflation expectations data this morning.

Cess	S2	S1	Indicative	R1	R2
AUD/MYR	3.0895	3.1034	3.1220	3.1312	3.1451

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