23 August 2024

Global Markets Research

Daily Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral

USD/MYR opened 0.01% higher at 4.3785, jumped to as high as 4.3942 before quickly paring its gains to trade at 4.3815 at the point of writing. Daily outlook is neutral and we expect the pair to trade sideways between 4.3694 and 4.4024 given cautiousness ahead of Fed Chair Jerome Powell's speech at the Jackson Hole symposium today. Bolstering some support for the USD today include higher UST yields and as investors turned more guarded on prospects of rate cuts after the better-than-expected headline S&P PMI, a rebound in existing home sales and cautious comments from Fed officials who prefer "a gradual and methodical pace" approach to easing policy. Data wise, new home sales print is on deck.

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	4.3529	4.3694	4.3815	4.4024	4.4189

USD/SGD

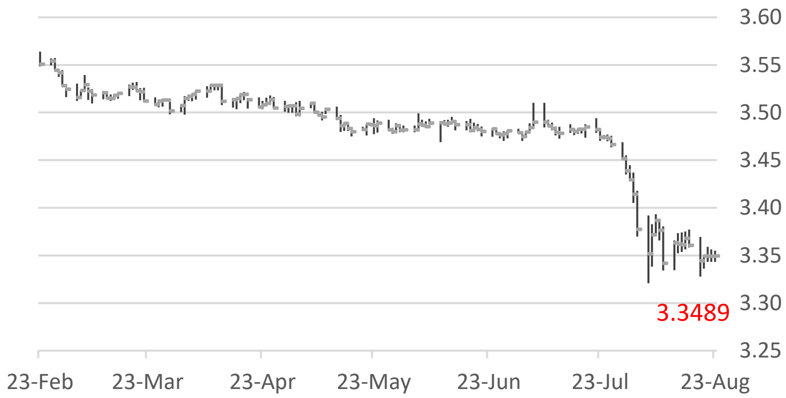
USD/SGD Neutral-to-Slightly Bearish

USD/SGD opened 0.01% higher at 1.3106 but retreated slightly to 1.3086 at the point of writing. We have a neutral-to-slightly bearish outlook for this pair today given the downward trajectory post opening but losses capped pending the release of CPI prints on the domestic front and the upcoming Jackson Hole symposium in the US. Consensus is expecting inflation to pick up marginally to 2.5% from 2.4% previously while core hold steady at 2.9% for July.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3024	1.3058	1.3086	1.3119	1.3140

MYR Crosses

SGD/MYR



SGD/MYR Neutral

SGD/MYR opened 0.23% lower at 3.3414 but quickly pared its losses to trade at 3.3489 at the point of writing. As the pair circles around the previous close, we have a neutral outlook for this pair, and pending the release of Singapore's CPI. We are eyeing trading range between 3.3349-3.3623 today.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.3212	3.3349	3.3489	3.3623	3.3760

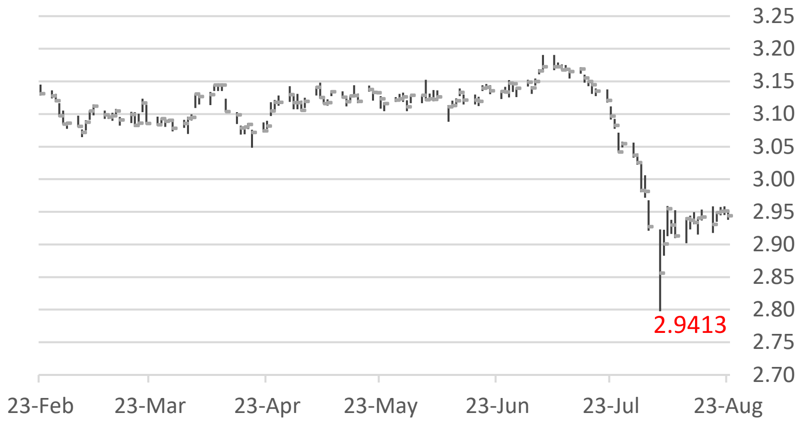
GBP/MYR

GBP/MYR Neutral-to-Slightly Bearish

GBP/MYR opened 0.16% lower at 5.7369 before rebounding to 5.7411 at the point of writing. Daily outlook is neutral-to-slightly bearish although losses from the lower opening is expected to narrow on GBP strength against regionals and after GBP/USD tipped into another fresh 13-month peak overnight, supported by the strong UK PMIs.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.7064	5.7261	5.7411	5.7655	5.7852

AUD/MYR



AUD/MYR Neutral-to-Slightly Bearish

AUD/MYR opened 0.43% lower at 2.9383 but erased some of its gains to trade at 2.9413 at the point of writing. Daily outlook is neutral-to-slightly bearish although losses from the lower opening is expected to narrow on a strong AUD against regionals and as AUD/USD trades in green at 0.6711 at the point of writing.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9217	2.9326	2.9413	2.9544	2.9653

Source: Bloomberg, HLBB Global Markets Research

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