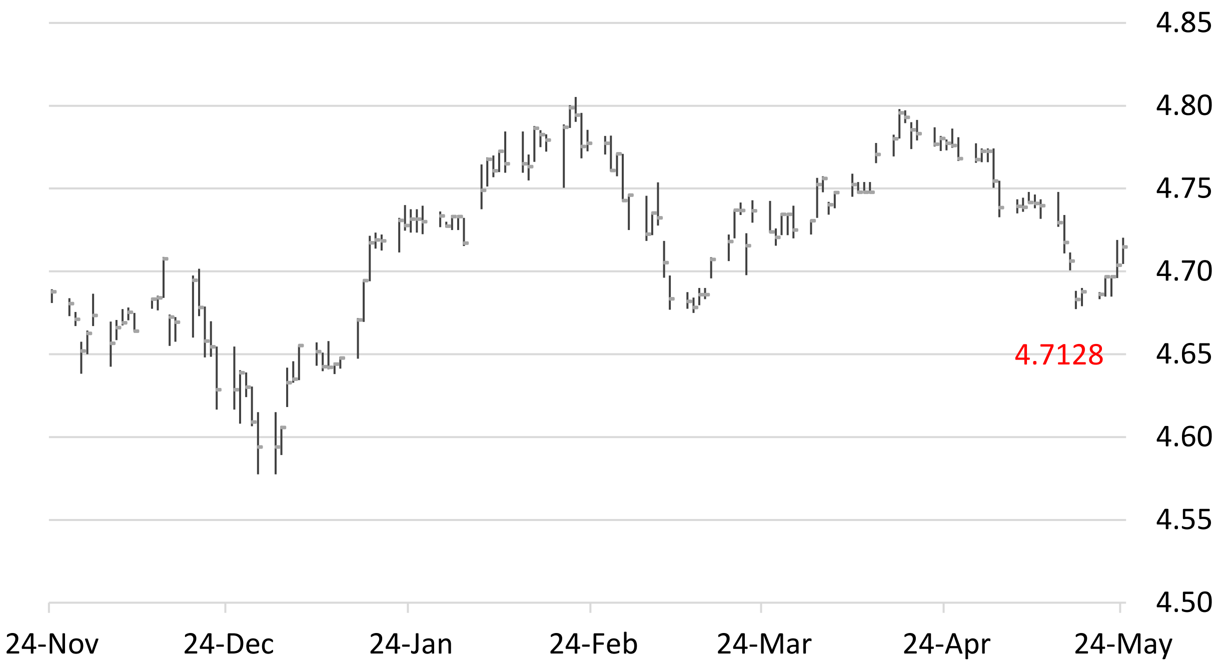
24 May 2024

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bullish

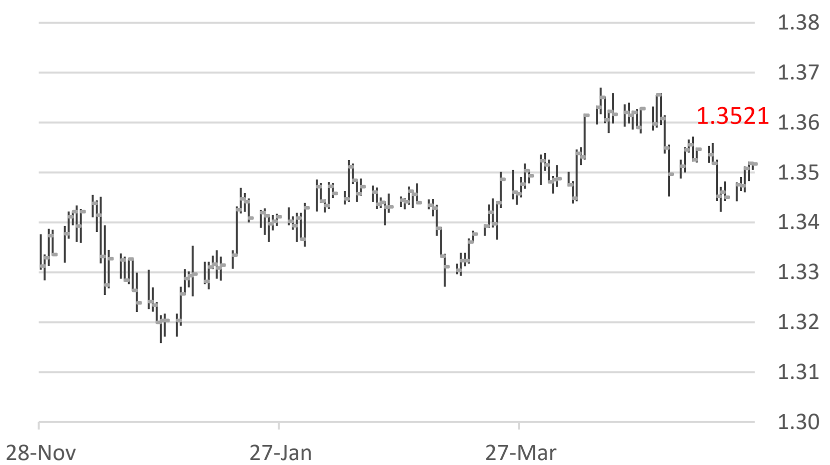
USD/MYR opened 0.01% at 4.7045 and strengthened to 4.7128 at the point of writing. Daily outlook is neutral-to-slightly bullish with the Dollar supported by a risk-off sentiment in the global financial markets and on fading hopes of Fed rate cuts this year, the latest after the upbeat PMI and jobless claims prints released overnight. Next up for the US today, will be the durable and capital goods orders, and on the domestic front, Malaysia's CPI where expectations is that it will pick up slightly to +1.9% y/y in April, capping gains for this pair.

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	4.6967	4.7047	4.7128	4.7205	4.7385

USD/SGD



USD/SGD Neutral

USD/SGD opened flat at 1.3518, traded within 1.3505-1.3526 before settling at 1.3521 at the point of writing. Daily outlook is neutral eyeing trading range between 1.3499-1.3526, given that it has traded within a narrow range and both currencies will benefit from their safe haven status.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3484	1.3499	1.3521	1.3529	1.3544

MYR Crosses

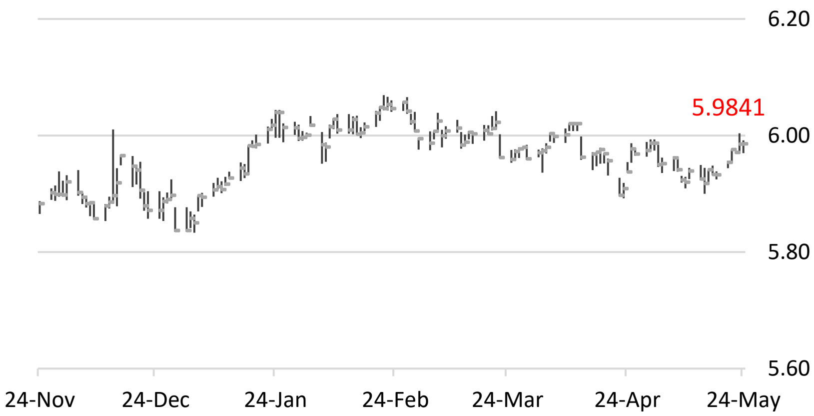
SGD/MYR

SGD/MYR Neutral

SGD/MYR opened 0.19% lower at 3.4793 before paring all its gains to trade at 3.4867 at the point of writing. We have a neutral outlook for this pair, with the lower opening offset by the stronger SGD against regional peers, and pending the release of Malaysia's CPI and Singapore's IPI prints later today.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.4620	3.4738	3.4867	3.4922	3.4974

GBP/MYR



GBP/MYR Neutral-to-Slightly Bearish

GBP/MYR opened 0.26% lower at 5.9699 but pared some of its losses to trade at 5.9941 at the point of writing. Daily outlook is neutral-to-slightly bearish as GBP/USD lost momentum near 1.2695 level in early Asian session, weighed down by the deceleration in UK PMI overnight. Key risk for this pair today is UK's retail sales, where expectations is that it will turn contractionary at -0.5% m/m, which will not bode well for the GBP.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.9597	5.9717	5.9841	5.9937	6.0037

AUD/MYR

AUD/MYR Slightly Bearish

AUD/MYR opened 0.59% lower at 3.1047 but erased some of its losses to trade at 3.1112 at the point of writing. Daily outlook is slightly bearish on AUD weakness, weighed down by a risk aversion environment and the retreat in Australia's PMIs overnight. This pair, will nonetheless, be supported at 3.0989 (S1) and 3.0871 (S2).

Cess	S2	S1	Indicative	R1	R2
AUD/MYR	3.0871	3.0989	3.1112	3.1225	3.1342

Source: Bloomberg, HLBB Global Markets Research

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