26 August 2024

Global Markets Research

Daily Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Slightly Bearish

USD/MYR opened 0.11% lower at 4.3700 and slid to 4.3448 at the point of writing. Daily outlook slightly bearish in anticipation of broad USD weakness after Fed Chair Jerome Powell sent its strongest signal at the Jackson Hole symposium that it's time for interest rate cuts in the September FOMC meeting. Moving forward, the second reading of US 2Q GDP and core-PCE prices will take centre stage this week, but before that, we will be watching out for US' durable and capital goods orders (nondef ex air) today, where expectations is that durable goods orders will rebound (+4.9% vs -6.7%) but capital goods orders will grow at a slower pace (0.1% vs 0.9%).

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, gradual weakening in economic conditions in 3Q and more importantly, signals that a September rate cut appears imminent. This has sent markets pencilling in at least 4 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	4.2885	4.3191	4.3448	4.3812	4.4122

USD/SGD

USD/SGD Neutral-to-Slightly Bearish

USD/SGD opened 0.06% higher at 1.3020 but quickly lost its lustre and more to trade at 1.3009 at the point of writing. Daily outlook is neutral-to-slightly bearish on USD weakness as well as broad SGD strength against G10 currencies, but losses seen capped given its slightly oversold position today. Today will see the release of Singapore's IPI print where expectations is that the contraction will mostly likely narrow to 0.5% y/y in July.

	S2	S1	Indicative	R1	R2
USD/SGD	1.2967	1.2990	1.3009	1.3036	1,3059

MYR Crosses

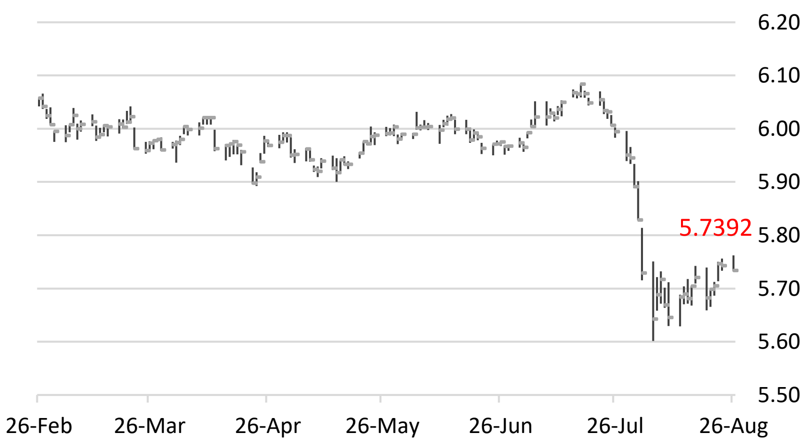
SGD/MYR

SGD/MYR Neutral-to-Slightly Bearish

SGD/MYR opened 0.26% higher at 3.3520 before losing all it shines to trade at 3.3400 at the point of writing. Daily outlook is neutral-to-slightly bearish as a risk-on appetite following Fed rate cuts confirmation from Powell will most likely benefit MYR rather than SGD today. A quiet week ahead on the domestic front this week.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.3070	3.3243	3.3400	3.3589	3.3763

GBP/MYR

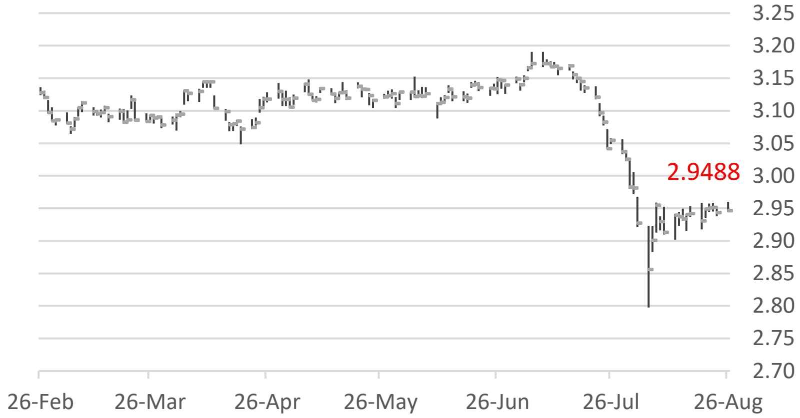


GBP/MYR Neutral-to-Slightly Bearish

GBP/MYR opened 0.34% higher at 5.7622 but quickly made a U-turn to 5.7392 at the point of writing. Daily outlook is neutral-to-slightly bearish, hit by double whammy of MYR strength and GBP weakness this morning. It will be relatively quiet in the UK today given that markets will be closed for the summer bank holiday.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.6836	5.7136	5.7392	5.7557	5.8042

AUD/MYR



AUD/MYR Neutral-to-Slightly Bullish

AUD/MYR opened 0.56% higher at 2.9597 before erasing some of its gains to trade at 2.9488 at the point of writing. Daily outlook is neutral-to-slightly bullish as traders piled into AUD ahead of Fed rate cuts, but upside is capped by R1 and R2 at 2.9660 and 2.9813 respectively.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9201	2.9354	2.9488	2.9660	2.9813

Source: Bloomberg, HLBB Global Markets Research

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