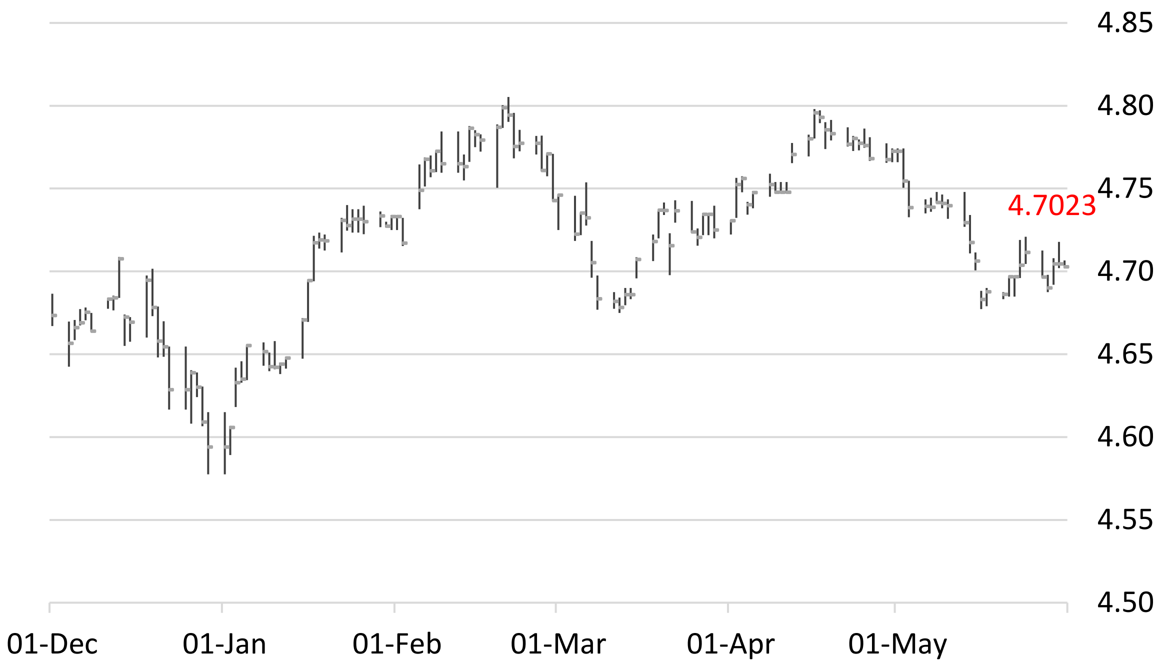
31 May 2024

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bearish

USD/MYR opened flat at 4.7045 but retreated to 4.7023 at the point of writing. Daily outlook is neutral-to-slightly bearish given that Dollar lost some of its prior day's gains after the downward revision to US' 1Q GDP, but any losses largely kept in check as investors stay cautious ahead of the PCE-price data today. As it is, consensus is expecting both headline and core to hold steady at +2.7% y/y and +2.8% y/y respectively.

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	4.6948	4.6993	4.7023	4.7083	4.7127

USD/SGD

USD/SGD Neutral

USD/SGD opened 0.01% lower at 1.3500, traded within 1.3494-1.3507 before settling at 1.3503 at the point of writing. We prefer to stay neutral for this pair given the upcoming US PCE, eyeing trading range between 1.3487-1.3513.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3475	1.3488	1.3503	1.3514	1.3527

MYR Crosses

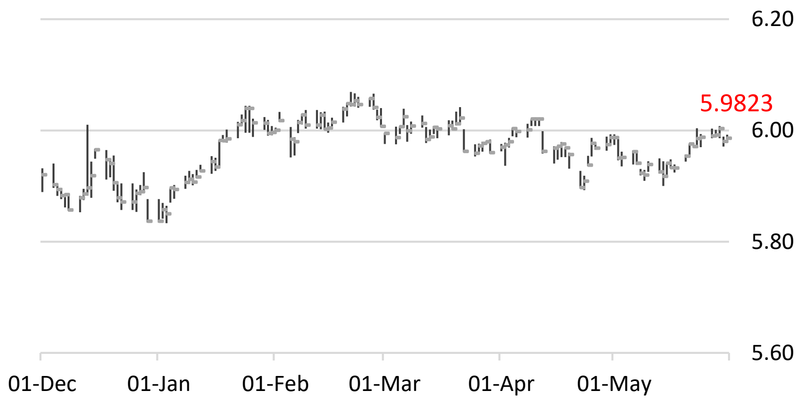
SGD/MYR

SGD/MYR Neutral

SGD/MYR opened 0.08% higher at 3.4842 but lost some of its lustre to trade at 3.4827 at the point of writing. Daily outlook is neutral, on expectations that the higher opening will be negated by a weak SGD against regionals and amidst cautiousness ahead of the US PCE price prints. This pair will, nonetheless, be supported at 3.4767 (S1) and 3.4739 (S2).

	S2	S1	Indicative	R1	R2
SGD/MYR	3.4739	3.4767	3.4827	3.4882	3.4932

GBP/MYR

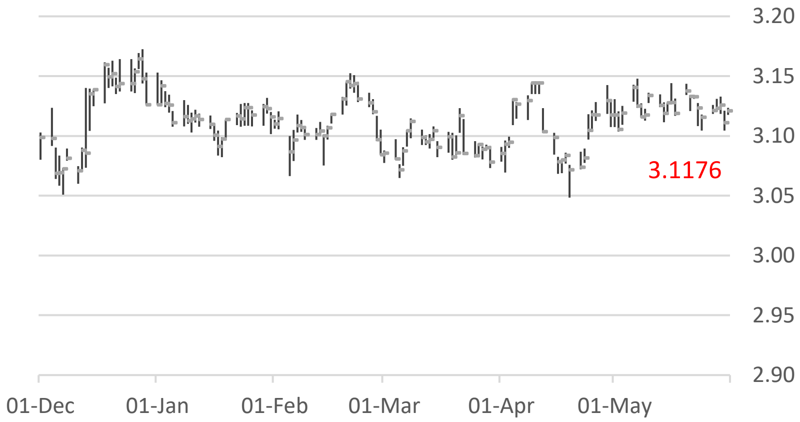


GBP/MYR Neutral

GBP/MYR opened 0.14% higher at 5.9884 before erasing some of its gains to trade at 5.9823 at the point of writing. We prefer to stay neutral for this pair as the GBP/USD drifts below the 1.2730 level in early Asian session, while noting an upward biasness given expectations that the Nationwide House price index and mortgage approvals data will show improvements this afternoon.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.9688	5.9777	5.9823	5.9955	6.0045

AUD/MYR



AUD/MYR Neutral-to-Slightly Bullish

AUD/MYR opened 0.26% higher at 3.1189 but lost some of its lustre to trade at 3.1176 at the point of writing. Daily outlook is neutral-to-slightly bullish given the higher opening, but gains lightly be capped given after AUD/USD weakened to 0.6631 at the point of writing amid mixed numbers this morning. While private sector credit accelerated to +0.5% m/m April, China's official PMI weakened to 51.0 from 51.7 previously.

Cess	S2	S1	Indicative	R1	R2
AUD/MYR	3.1078	3.1140	3.1176	3.1264	3.1326

Source: Bloomberg, HLBB Global Markets Research

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