

31 July 2024

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bearish

USD/MYR opened 0.02% lower at 4.6207 and slid to 4.6103 at the point of writing. Daily outlook is neutral-to-slightly bearish as MYR extends its strength against the USD this morning ahead of the FOMC decision today, and with the pair expected to face strong support levels at S1 at 4.6078 given its oversold position. Other key risks on the US front includes the ADP employment change and pending home sales prints.

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, amidst cooling-but-still resilient signs of a labour market, forward looking data that suggests gradual weakening in economic conditions in 2Q. Nonetheless, Fed officials have repeatedly stressed the need for more good data on the inflation front, and as such, this should keep rate cut expectations and marked weakening in the Dollar, in check. 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.

	S2	S1	Indicative	R1	R2
USD/MYR	4.5591	4.6078	4.6103	4.6253	4.6341

USD/SGD

USD/SGD Neutral

USD/SGD opened flat at 1.3422 and slid to 1.3414 at the point of writing. We prefer to stay neutral for this pair given the upcoming FOMC meeting, eyeing trading range between 1.3401-1.3421 respectively. Next key risk on the Singapore front this week will be Singapore's PMI at end-week.



	S2	S1	Indicative	R1	R2
USD/SGD	1.3394	1.3401	1.3414	1.3428	1.3437

MYR Crosses

SGD/MYR

SGD/MYR Neutral

SGD/MYR opened 0.16% higher at 3.4441 but quickly lost all its lustre to trade at 3.4358 at the point of writing. Daily outlook is neutral with the higher opening offset by MYR strength this morning, eyeing trading range between 3.4331-3.4421 respectively.

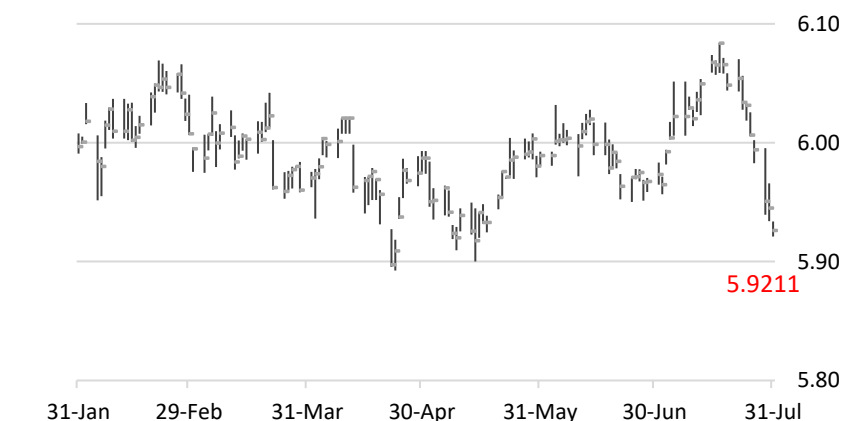


	S2	S1	Indicative	R1	R2
SGD/MYR	3.4255	3.4331	3.4358	3.4421	3.4490

GBP/MYR

GBP/MYR Neutral-to-Slightly Bearish

GBP/MYR opened 0.19% lower at 5.9332 and slid to 5.9211 at the point of writing. Daily outlook is neutral-to-slightly bearish given the lower opening and downward momentum subsequent to that but losses are likely capped given its oversold position. Next key risk for this pair is the BOE's decision tomorrow where expectations is for a 25bps rate cut during the meeting, weighing on GBP.



	S2	S1	Indicative	R1	R2
GBP/MYR	5.9015	5.9141	5.9211	5.9394	5.9521

AUD/MYR



AUD/MYR Neutral-to-Slightly Bearish

AUD/MYR opened 0.09% lower at 3.0227 and plunged to 2.9987 at the point of writing. Daily outlook is neutral-to-slightly bearish given data this morning showed Australia inflation (trimmed mean) unexpectedly slowed to 0.8% q/q in 2Q from +1.0% q/q previously, dampening rate hike bets. As it is, the futures is not pencilling in any more rate hikes for the rest of 2024.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9340	2.9688	2.9961	3.0177	3.0376

Source: Bloomberg, HLBB Global Markets Research

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email:

DISCLAIMER

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter.

Potential and actual conflict of interest may arise from the activities of HLB Group. HLB Group constitute a diversified financial services group. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and other activities for their own account or the account of others. In the ordinary course of their business, HLB Group may effect transactions for their own account or for the account of their customers and hold long or short positions in the financial instruments. HLB Group, in connection with its business activities, may possess or acquire material information about the financial instruments. Such activities and information may involve or have an effect on the financial instruments. HLB Group have no obligation to disclose such information about the financial instruments or their activities.

The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.