

4 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 4.7185 and slid to 4.7100 at the point of writing. Daily outlook is neutral-to-slightly as the USD remains on the backfoot as financial markets expect the Fed to start cutting rates later this year. Just a recap, Fed Chair Jerome Powell has said on Tuesday that the central bank has made quite a bit of progress on inflation recently, while a weaker than expected slew of economic data overnight, from ISM-Services to labour indicators reinforced expectations that the Fed will start cutting rates later in the year. FOMC minutes, meanwhile, showed that members need greater confidence of disinflation before cutting rates, suggesting that a rate cut will most likely happen only from September onwards. This week, the major trigger for the greenback will be the Nonfarm Payrolls (NFP) data for June, which will be published on Friday.

1-Month Outlook – USD/MYR Neutral

The USD/MYR outlook is neutral as the upside for the DXY appeared to have peaked with the recent rise in the Dollar, amidst cooling-but-still resilient signs of a labour market, forward looking data that suggests gradual weakening in economic conditions in 2Q, but also an uneven disinflation path which 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. The ongoing tension in the Middle-east 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	4.6920	4.7021	4.7100	4.7235	4.7343

USD/SGD



USD/SGD Neutral-to-Slightly Bearish

USD/SGD opened flat at 1.3538 before sliding to 1.3525 at the point of writing. Daily outlook is neutral-to-slightly bearish in anticipation of USD weakness, weighed down by rate cut expectations and potentially from speculation about President Biden's run for re-election. This pair, will nonetheless, be supported at 1.3518 (S1) and 1.3503 (S2) respectively.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3503	1.3518	1.3525	1.3548	1.3563

MYR Crosses

SGD/MYR

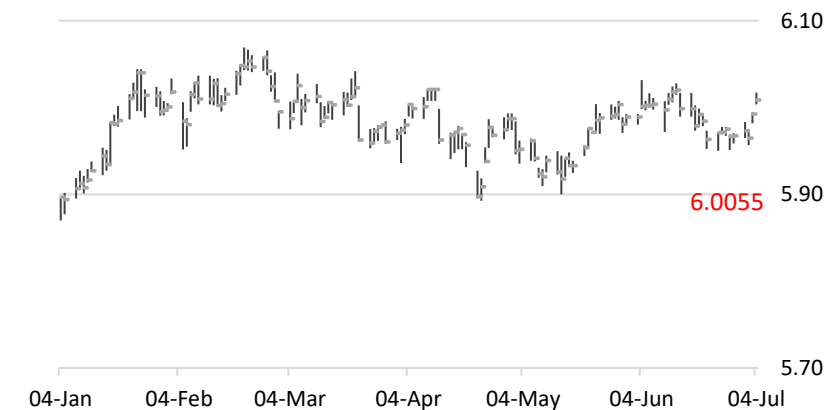


SGD/MYR Neutral-to-Slightly Bullish

SGD/MYR opened 0.24% higher at 3.4876 but pared its gains to trade at 3.4831 at the point of writing. Daily outlook is neutral to slightly bullish on account of the higher opening, but we expect gains to narrow from opening on the back of risk-on appetite and MYR strength.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.4677	3.4757	3.4831	3.4917	3.4997

GBP/MYR



GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.41% higher at 6.0169 although it lost some of its lustre to trade at 6.0055 at the point of writing. Daily outlook is neutral-to-slightly bullish as GBP/USD extended a near-term rebound around the 1.2750 level in early Asian trade but traders likely remain cautious as the Parliamentary Elections get underway. As it is, the Labour Party is widely expected to win a majority in the government.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.9807	5.9946	6.0055	6.0224	6.0363

AUD/MYR

AUD/MYR Neutral-to-Slightly Bullish

AUD/MYR opened 0.60% higher at 3.1681 before paring some of its gains to trade at 3.1640 at the point of writing. Daily outlook is neutral-to-slightly bullish as the jump in retail sales data overnight boost case for RBA hike and saw AUD/USD comfortably traded above 0.6700.

	S2	S1	Indicative	R1	R
AUD/MYR	3.1484	3.1563	3.1640	3.1722	3.1802

Source: Bloomberg, HLBB Global Markets Research

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