

16 July 2024

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bullish

USD/MYR opened 0.04% lower at 4.6718 before paring its losses and more to trade at 4.6790 at the point of writing. Daily outlook is neutral-to slightly bullish as emerging currencies took a beating as threats on Trump odds rise. As it is, economic policies under Trump have largely geared towards protectionism and inflation tendency, both supportive of the USD. Capping gains, will nonetheless, be relatively dovish comments from Fed Chair Jerome Powell who acknowledged the recent progress on disinflation overnight as well as cautiousness ahead of the upcoming retail sales data.

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-but-still resilient signs of a labour market, forward looking data that suggests gradual weakening in economic conditions in 2Q. Nonetheless, Fed officials have repeated 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. 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	4.6650	4.6720	4.6790	4.6890	4.7010

USD/SGD



USD/SGD Neutral

USD/SGD opened flat at 1.3438, spiked as high as 1.3444 before retreating back to 1.3440 at the point of writing. We have a neutral outlook given that the pair has traded within a narrow range today, eyeing trading range between 1.3429-1.3451 respectively. Next key risk for this pair on the Singapore front it's the NODX data due to be released tomorrow, where expectations is that it will increase 2.7% m/ from -0.1% m/m previously.

	S2	S1	Indicative	R1	R2
USD/SGD	1.3418	1.3429	1.3440	1.3451	1.3462

MYR Crosses

SGD/MYR

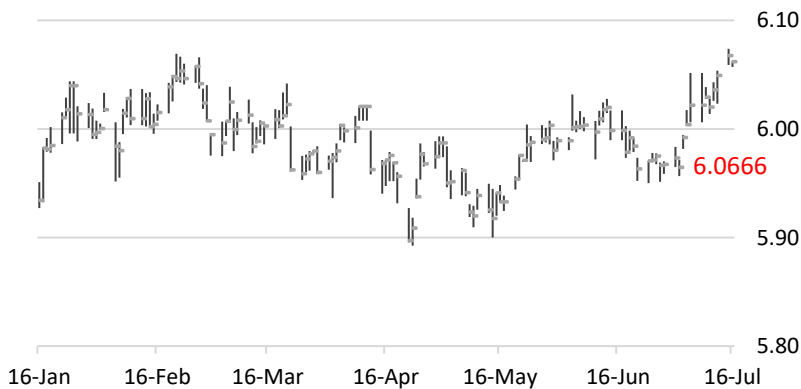


SGD/MYR Neutral

SGD/MYR opened 0.10% lower at 3.4785 before rebounding near its previous close to trade at 3.4815 at the point of writing. Given the pair failed to break above the R1 in early Asian trade, we have a neutral outlook for this pair. Next key risk on the domestic front is its trade numbers followed by the 2Q GDP print later in the week.

	S2	S1	Indicative	R1	R2
SGD/MYR	3.4729	3.4762	3.4815	3.4827	3.4859

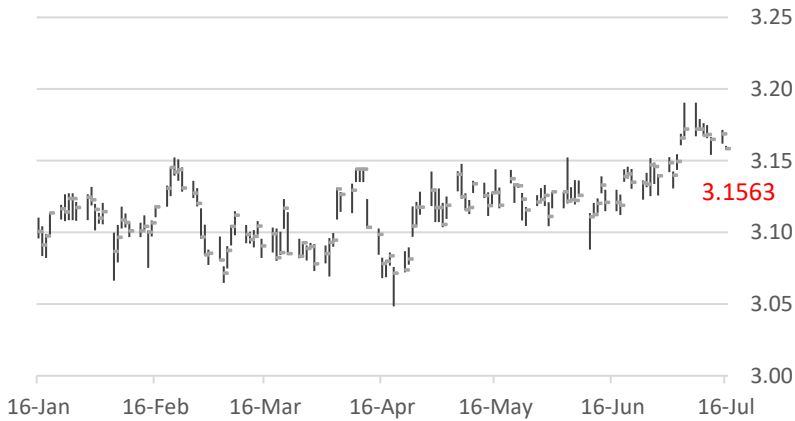
GBP/MYR



GBP/MYR Neutral-to-Slightly Bearish

GBP/MYR opened 0.15% lower at 6.0582 before erasing some of its losses to trade at 6.0666 at the point of writing. Daily outlook is neutral-to-slightly bearish as GBP/USD took a breather from bullish momentum overnight, pulling back just shy of the 1.3000 handle after FX markets took a break from greenback selling. Nonetheless, any losses will be capped with UK set to release its softer but still elevated inflation prints this week.

	S2	S1	Indicative	R1	R2
GBP/MYR	6.0516	6.0582	6.0666	6.0703	6.0756

AUD/MYR

AUD/MYR Neutral-to-slightly bearish

AUD/MYR opened 0.32% lower at 3.1586 and slid to 3.1563 at the point of writing. Daily outlook is neutral-to-slightly bearish as the AUD experienced a mild correction against USD, declining to 0.6748 at the point of writing, weighed down by a strong USD overnight as well as GDP miss from Australia's biggest trading partner, China. No doubt, expectations is that Australia will be one of the last G10s cut rates and as thus, should limit AUD's downside.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.1423	3.1493	3.1563	3.1633	3.1703

Source: Bloomberg, HLBB Global Markets Research

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