

26 July 2024

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

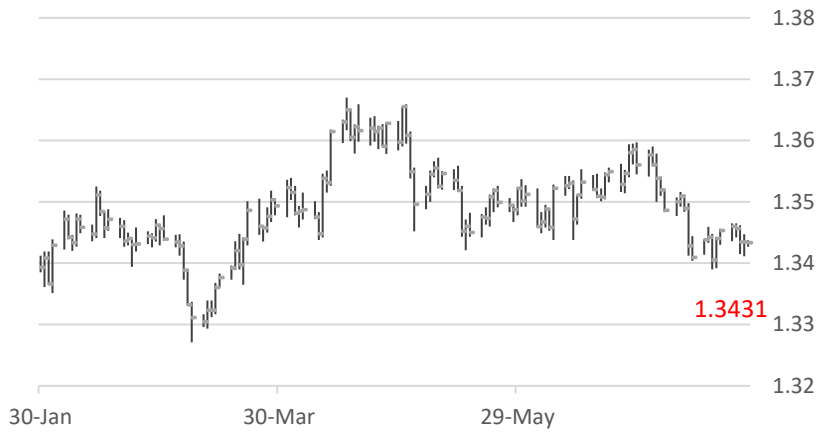
Intraday Thoughts – Neutral

USD/MYR opened 0.10% higher at 4.6660 before losing its lustre to trade at 4.6623 at the point of writing. We prefer to stay neutral for this pair today, mirroring DXY's performance overnight and over the week, as investors will largely wait on the sidelines ahead of the highly tracked core-PCE prices today where consensus is expecting it to ease marginally to 2.5% y/y from 2.6% y/y previously, and not much to shock the forex market today. As it is, data overnight painted to a "Goldilocks" picture, with growth surprisingly resilient (2.8% q/q vs 1.4% q/q), and inflation cooling (core-PCE: 2.9% q/q vs 3.7% q/q) in 2Q.

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 | 4.6507 | 4.6555 | 4.6623 | 4.6705 | 4.6782 |

USD/SGD

USD/SGD Neutral

USD/SGD opened flat at 1.3434, slid to as low as 1.3423 after MAS's monetary policy decision before rebounding to 1.3431 at the point of writing. This morning, MAS maintained the rate of appreciation, width and level of the S\$NEER policy band, but lowered its CPI projections to 2.0–3.0% this year. With MAS decision over and done with without any surprises, we have a neutral outlook for the pair today ahead of the US core-PCE price prints today, with a likely trading range of 1.3422-1.3444.

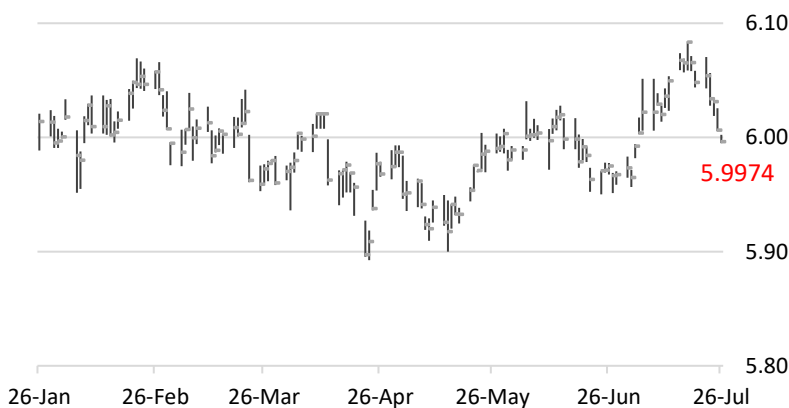
| | S2 | S1 | Indicative | R1 | R2 |
|---------|--------|--------|------------|--------|--------|
| USD/SGD | 1.3411 | 1.3422 | 1.3431 | 1.3444 | 1.3455 |

MYR Crosses
SGD/MYR

SGD/MYR Neutral

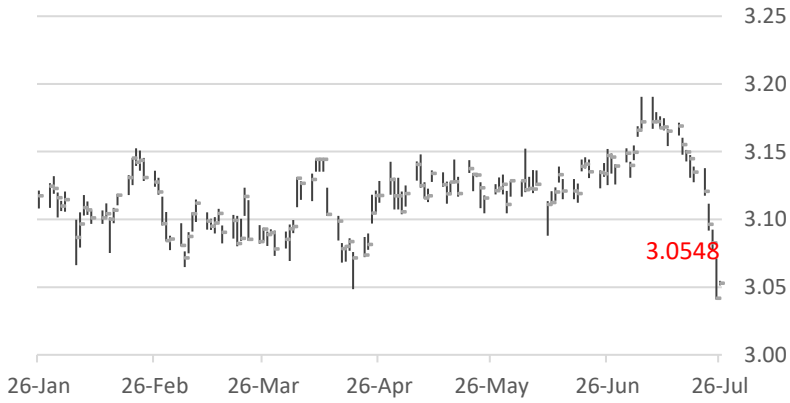
SGD/MYR opened 0.07% lower at 3.4700, took a spike to 3.4757 after MAS's decision before retreating again back to 3.4710 at the point of writing. We have a neutral outlook for this pair, eyeing trading range between 3.4668-3.4783 today and next key risk being Singapore's IPI later today.

| | S2 | S1 | Indicative | R1 | R2 |
|---------|--------|--------|------------|--------|--------|
| SGD/MYR | 3.4611 | 3.4668 | 3.4710 | 3.4783 | 3.4842 |

GBP/MYR

GBP/MYR Neutral-to-Slightly Bearish

GBP/MYR opened 0.13% lower at 5.9984 and slid further to 5.9974 at the point of writing. Daily outlook is, thus, neutral-to-slightly bearish for this pair with S1 and S2 seen at 5.9906 (S1) and 5.9835 (S2). As it is, GBP/USD continue to flounder in early Asian trade, although the pair has move above the 1.2860 level as of the point of writing.

| | S2 | S1 | Indicative | R1 | R2 |
|---------|--------|--------|------------|--------|--------|
| GBP/MYR | 5.9835 | 5.9906 | 5.9974 | 6.0050 | 6.0122 |

AUD/MYR

AUD/MYR Neutral-to-Slightly Bullish

AUD/MYR opened 0.34% higher at 3.0518 and strengthened to 3.0545 at the point of writing. Daily outlook is neutral-to-slightly bullish because of the higher opening and on AUD strength but persistent concerns about the Chinese economy will cap gains for this pair. Upside is however capped at 3.0567 (R1) in our view.

| | S2 | S1 | Indicative | R1 | R2 |
|---------|--------|--------|------------|--------|--------|
| AUD/MYR | 3.0465 | 3.0499 | 3.0548 | 3.0567 | 3.0601 |

Source: Bloomberg, HLBB Global Markets Research

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email:

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