

15 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 0.13% lower at 4.7113 and slid to 4.7067 at the point of writing. Daily outlook is neutral-to-slightly bearish as most emerging currencies strengthened against greenback ahead of the US CPI print and as the Dollar weakened against most of its G10 peers overnight in line with lower Treasury yields. As it is, despite the stronger than expected PPI reading, this did not materially change market pricing for Fed rate cuts as traders took comfort that March's reading was revised lower to show a 0.1% m/m decline. On top of the CPI print today, key risk for the pair is the retail sales number as well as real average weekly earnings.

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	4.6972	4.7030	4.7067	4.7146	4.7204

USD/SGD

USD/SGD Neutral

USD/SGD opened flat at 1.3518, traded within a narrow range of 1.3511-1.3526 before settling at 1.3513 at the point of writing. We have a neutral outlook for this pair as investors stay cautious ahead of the upcoming US CPI numbers. As it is, consensus is expecting core CPI to ease to 3.6% in April and retail sales to decelerate to +0.4% m/m.



	S2	S1	Indicative	R1	R2
USD/SGD	1.3489	1.3503	1.3513	1.3531	1.3545

MYR Crosses

SGD/MYR

SGD/MYR Neutral-to-Slightly Bearish

SGD/MYR opened 0.08% higher at 3.4889 but quickly pared its gains to trade at 3.4831 at the point of writing. With the downward momentum post opening and MYR strength, we have a neutral-to-slightly bearish outlook for this pair, supported at 3.4760 (S1) and 3.4678 (S2) respectively.

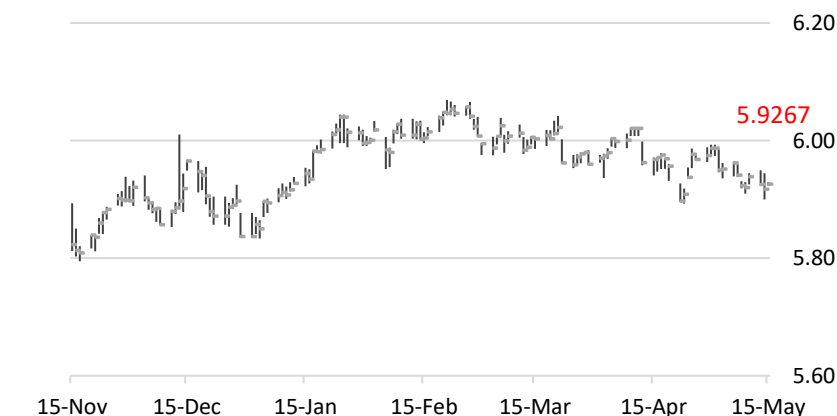


	S2	S1	Indicative	R1	R2
SGD/MYR	3.4678	3.4760	3.4831	3.4923	3.5005

GBP/MYR

GBP/MYR Neutral-to-Slightly Bullish

GBP/MYR opened 0.19% higher at 5.9286 before paring some of its gains to trade at 5.9267 at the point of writing. Daily outlook is neutral-to-slightly bullish on account of the higher opening, but gains seen capped as GBP slumped after BOE's Huw Pill pointed to summer rate cut potential.



	S2	S1	Indicative	R1	R2
GBP/MYR	5.9148	5.9208	5.9267	5.9329	5.9390

AUD/MYR

AUD/MYR Neutral-to-Slightly Bullish

AUD/MYR opened 0.06% higher at 3.1205 and strengthened to 3.1214 at the point of writing. Daily outlook is neutral-to-slightly bullish as AUD/USD registered mild gains at 0.6633 even after the Government delivered a deficit for Budget 2024-25 and as the Wage Price Index unexpectedly slowed to 0.8% q/q and +4.1% y/y in 1Q.

Cess	S2	S1	Indicative	R1	R2
AUD/MYR	3.1127	3.1168	3.1214	3.1251	3.1292

Source: Bloomberg, HLBB Global Markets Research

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