Global Markets Research

FX Strategy



Daily Currency Outlook – 11am edition

Source: Bloomberg

- USDMYR opened 0.24% lower at 4.2100. Daily outlook bullish.
- Weekly outlook bullish and monthly outlook bearish.
- We are bullish USDMYR over the short term as USD/AXJ is supported by overall USD strength and CNH weakness. We remain bearish USDMYR over the medium term as the prolonged trade woes and most recently a contraction in the US manufacturing sector might lead to a potential rate cut by the Fed. Futures are pointing to 100% chance of a cut in the Fed Funds rate this month.
- Key resistances: 4.2200 (R1), 4.2225 (R2), 4.2250 (R3)
- Key supports: 4.2125 (S1), 4.2100 (S2), 4.2050 (S3)
- Expected range for the day: 4.2100 4.2200
- * levels are quoted based on spot prices at time of writing, bid/ask prices may vary



Source: Bloomberg

- GBPMYR opened 0.79% higher at 5.1027 today. Daily outlook bearish.
- Weekly outlook and monthly outlook bearish.
- We are bearish GBP as PM Boris Johnson announced his intention to call for a snap election after lawmakers defeated him in an early stage of an attempt to pass a law preventing him from taking Britain out of the EU without a deal. We remain bearish GBP for the foreseeable future in view of a looming snap election that could heighten UK political uncertainties
- Key resistances: 5.1050 (R1), 5.1100 (R2), 5.1250 (R3)
- Key supports: 5.0800 (S1), 5.0700 (S2), 5.0500 (S3)
- Expected range for the day: 5.0700-5.1100



0.7100 0.7000 0.6900 0.6880 0.6900 0.6880 0.6880 0.6880 0.6780 0.6780 0.6780 0.6780 0.6780 0.6780 0.6780

Indicative AUDUSD 0.6780

Source: Bloomberg

- AUDUSD opened unchanged at 0.6760 today. Daily outlook bullish.
- Weekly and monthly outlook bearish.
- We turn bullish on AUD today as Australia 2Q GDP growth matched expectations. In the medium term, we remain bearish AUD as risk sentiment falls amidst dismal global growth outlook while lower commodity prices are expected to weigh on AUD.
- Key resistances: 0.6800 (R1), 0.6830 (R2), 0.6880 (R3)
- Key supports: 0.6750 S1), 0.6700 (S2), 0.6650 (S3)
- Expected range for the day: 0.6700- 0.0.6830

* levels are quoted based on spot prices at time of writing, bid/ask prices may vary

Indicative AUDMYR 2.8569



Source: Bloomberg

- AUDMYR opened 0.54% higher at 2.8544 today. Daily outlook bullish.
- Weekly and monthly outlook bearish.
- We turn bullish on the pair today supported by AUD strength in view that Australia 2Q GDP growth matched expectations. We remain bearish on the pair over the medium term as continuously dim global growth outlook is likely to weigh on the pair.
- Key resistances: 2.8575 (R1), 2.8600 (R2), 2.8650 (R3)
- Key supports: 2.8460 (S1), 2.8350 (S2), 2.8230 (S3)
- Expected range for the day: 2.8500- 2.8575



Indicative EURUSD 1.0979



Source: Bloomberg

- EURUSD opened unchanged at 1.0974 today. Daily outlook bullish.
- Weekly and monthly outlook bearish.
- We are bullish EUR today as the contraction of US ISM manufacturing PMI is expected to support the EUR and drive its recovery. In the short term, we remain bearish EUR, heading into September where the ECB is expected to introduce an aggressive stimulus package to support growth and a faltering inflation in the euro area.
- Key resistances: 1.0980 (R1), 1.1000 (R2), 1.1020 (R3)
- Key supports: 1.0960(S1), 1.0920 (S2), 1.0900 (S3)
- Expected range for the day: 1.0950-1.1000

Indicative EURMYR 4.6268



Source: Bloomberg

- EURMYR opened 0.28% higher at 4.6307 today. Daily outlook bullish.
- Weekly and monthly outlook bearish.
- We are bullish on the pair today mainly on EUR strength. We remain bearish on the pair over the medium term as the ECB is expected to ease more aggressively via the introduction of large stimulus package this month.
- Key resistances: 4.6450 (R1) 4.6600 (R1), 4.6700 (R3)
- Key supports: 4.6100 (S1), 4.6000 (S2), 4.5800 (S3)
- Expected range for the day: 4.6000 4.6350

 * levels are quoted based on spot prices at time of writing, bid/ask prices may vary



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: <u>HLMarkets@hlbb.hongleong.com.my</u>

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. HLBB may, to the extent permitted by law, buy, sell or hold significantly long or short positions; act as investment and/or commercial bankers; be represented on the board of the issuers; and/or engage in 'market making' of securities mentioned herein. 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.