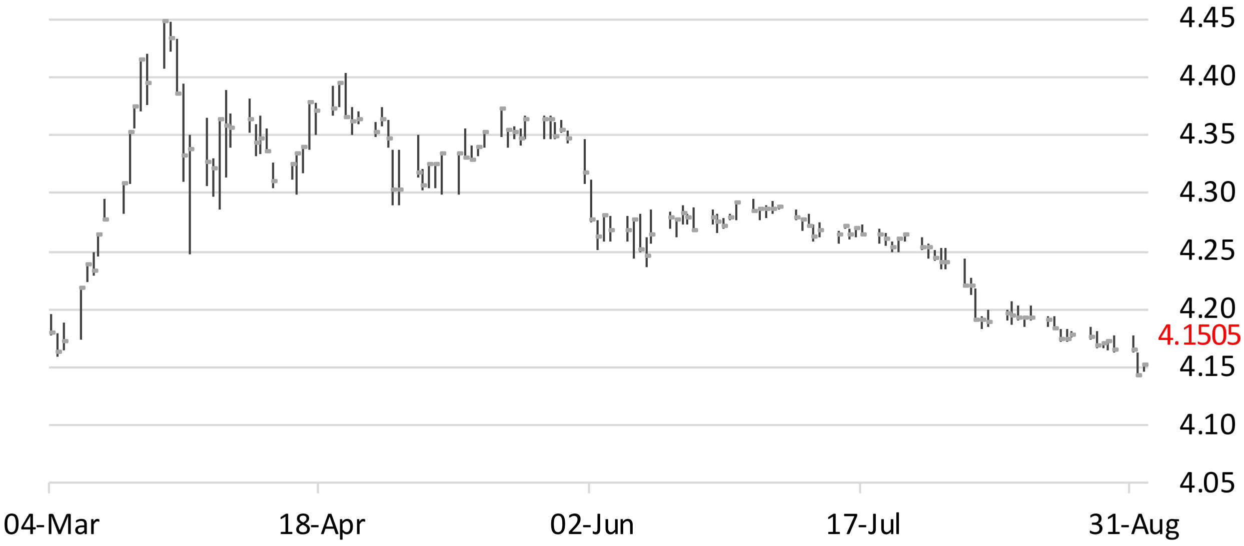
2 September 2020

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened little changed at 4.1460. USD/MYR kicked off the week with more losses, breaching below 4.15 support, on the back of dollar weakness. A modest rebound in USD overnight could temporarily soften USDMYR downward momentum. The next levels to watch out for are 4.12-4.13 before attempting to hit 4.10. Nonetheless the pair is severely oversold, correction is thus possible. BNM's OPR decision and FTSE Russell's WGBI decision also present as event risks this month.

1-Month Outlook – MYR Neutral to slightly bearish

We turned slightly bearish on MYR, anticipating a rebound in the USD after staying at low levels for weeks. The DXY is stretched and is now at more-than-two-year low. There are reasons to be wary of the ongoing stock market optimism - low treasury yields and the bullish gold tells us that some manner of risk aversion remains in the market. A shift in sentiment would trigger and hasten a dollar comeback.

	S2	S1	Indicative	R1	R2
USD/MYR	4.1400	4.1500	4.1505	4.1740	4.1915

MYR Crosses

EUR/MYR

EUR/MYR Neutral

EUR/MYR opened 0.5% lower at 4.9405. The cross continues to swing between gains and losses and is likely to stay above 4.9165 in the short to more medium term, driven by dollar movement.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.9000	4.9165	4.9375	4.9700	5.0000

GBP/MYR

GBP/MYR Neutral

GBP/MYR opened 0.2% lower at 5.5523. Similarly, GBP/USD remains very much dollar driven in the absence of Brexit headlines/ progress. There is still room for the cross to move higher amid USD weakness as it eyes the 5.57 level.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.5095	5.5350	5.5609	5.5700	5.5800

AUD/MYR

AUD/MYR Bearish

AUD/MYR opened 0.1% lower at 3.0564 and is biased to more bearishness following disappointing Australian GDP. This is likely to be temporary given a lack of strong driver to reverse the recent AUD gains in the short term. Today's move is also expected to push the pair back to comfortable range of 3.01-3.05.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0000	3.0289	3.0502	3.0800	3.1000

Source: Bloomberg, HLBB Global Markets Research

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