

5 August 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 4.2185 but slipped lower to the top of 4.2043 as of writing. Pair is now back to the pre-pandemic level in early March and is attempting to test 4.20 support level. Chances of breaking 4.20 is low in our view as the oversold RSI indicator suggests that a consolidation is not far from now. Fundamentally, there is still a lack of any key market driver at the moment, a shift in global sentiment would rejuvenate the dollar and reverse FX movements. US stimulus bill, Sino-American relation and US economic data are among the potential drivers.

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 tell 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	4.2000	4.2100	4.2043	4.2395	4.2540

MYR Crosses

EUR/MYR



EUR/MYR Neutral

EUR/MYR opened 0.15% higher at 4.9837 and is likely to experience a quiet session amid a lack of driver. Pair is vulnerable to a shift in sentiment (that would boost the dollar) and is slated for further reversal when the USD rebounds from the current lows in the short term.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.9239	4.9485	4.9670	4.9800	5.0000

GBP/MYR



GBP/MYR Slightly Bearish

GBP/MYR opened little changed at 5.5202 but has since then slipped to just above 5.50. GBP momentum has faded, and is looking consolidate further. Similarly, pair is vulnerable to a potential rebound in USD if sentiment shifts. In the short-to-medium term, Brexit news (if any major developments) may shift near term sentiment. Data may not move GBP as much, unless there are significant surprises.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4415	5.4790	5.5024	5.5300	5.5500

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.4% higher at 3.0273 but is likely to hold steady throughout today's session. The RBA did not offer any surprise yesterday. The lockdown of Victoria remains on market's radar. A shift in sentiment (stronger USD) as well as US-China tension post downside risk to AUD/MYR.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9922	3.0000	3.0210	3.0400	3.0540

Source: Bloomberg, HLBB Global Markets Research

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