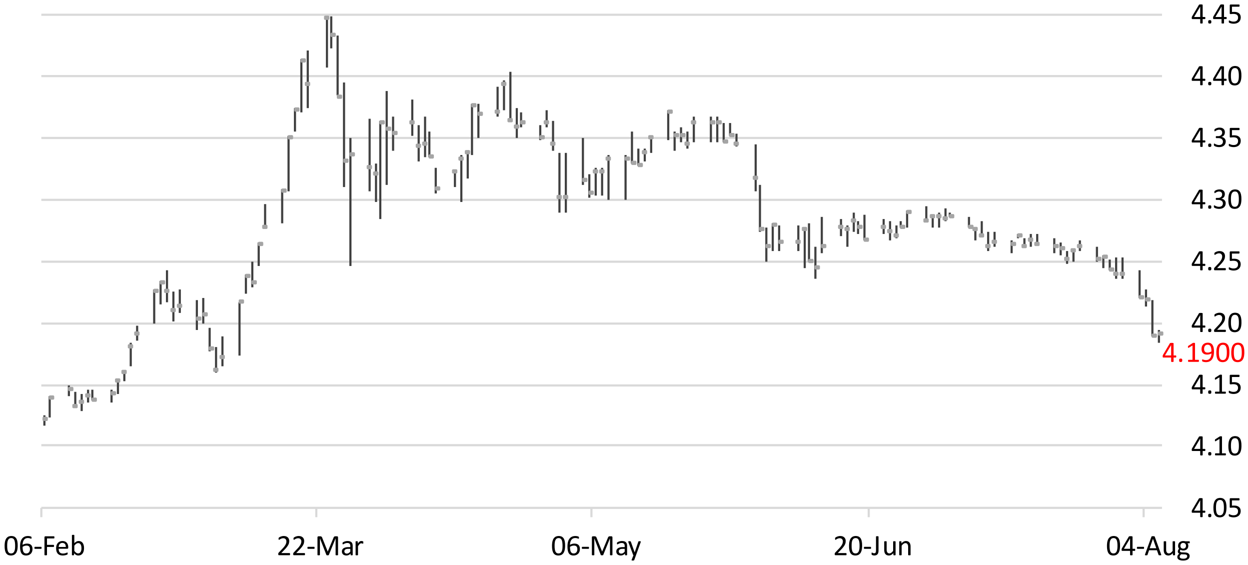
6 August 2020

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 4.1938 and has defied our expectation to break below 4.20 support, on the back of bearish USD momentum. USD/MYR is now back to its pre-pandemic level and is oversold, we stick to our view 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 job data are among the potential drivers for today and tomorrow.

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	4.1700	4.1800	4.1900	4.2183	4.2250

MYR Crosses

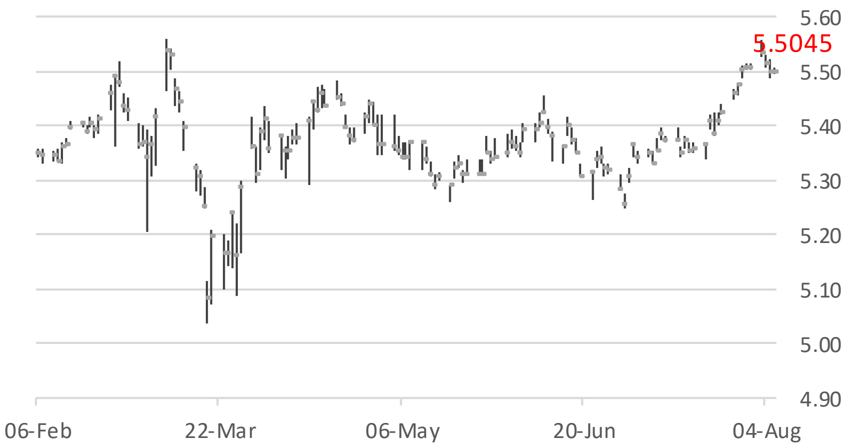
EUR/MYR

EUR/MYR Neutral

EUR/MYR opened 0.1% higher at 4.9753. Outlook remains neutral and is likely to continue experiencing 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	4.9742	4.9800	5.0000

GBP/MYR



GBP/MYR Neutral

GBP/MYR opened little changed at 5.5003. Daily outlook is neutral ahead of the BOE's MPC decision today, MGBP momentum has faded, and is looking consolidate further. Market is cautious for now- BOE is expected to keep rate unchanged- investors are looking towards economic projections and any hints on negative interest rates as well as more QE.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4415	5.4790	5.5020	5.5300	5.5500

AUD/MYR

AUD/MYR Neutral

AUD/MYR opened 0.19% lower at 3.0163 and is expected to hold steady throughout today's session. The lockdown of Victoria, Chinese trade data, US-China tension are on market's radar. A shift in sentiment (stronger USD) or consolidation in AUD/USD could weaken the pair anse send it below 3.0.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9922	3.0000	3.0156	3.0400	3.0540

Source: Bloomberg, HLBB Global Markets Research

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: HLMarkets@hlbb.hongleong.com.my