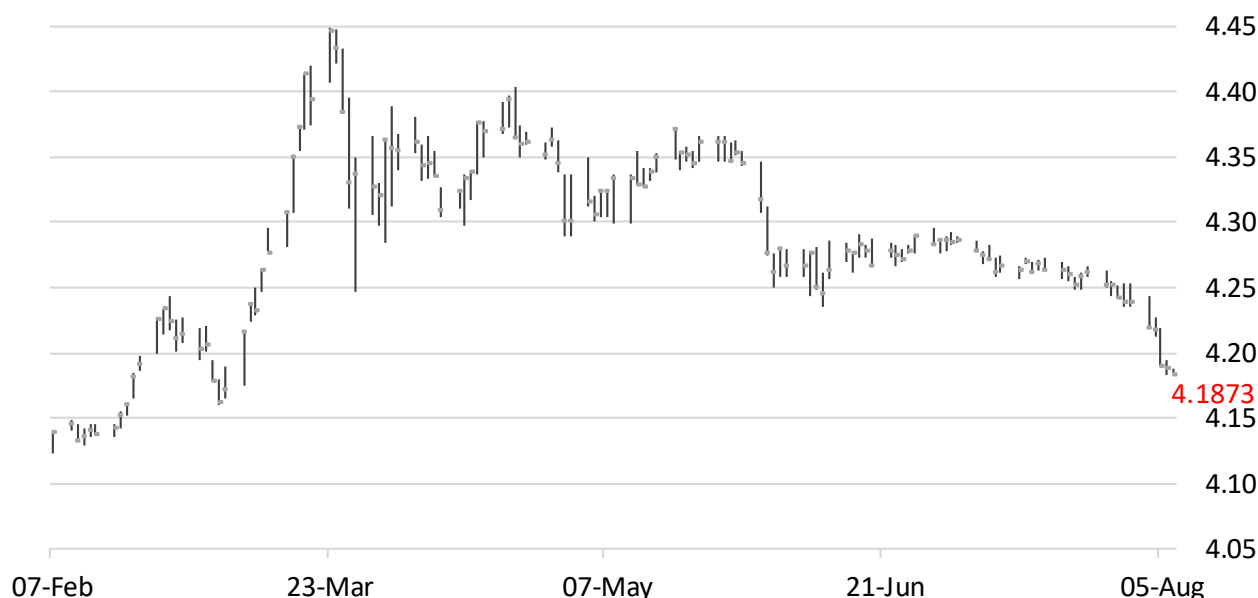


7 August 2020

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 4.1875 and is still trading at circa 4.1870 as of writing. 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. Market is expected to take a pause for now, awaiting a trigger point that would rejuvenate the dollar and reverse other FX movements. US stimulus bill and tonight's job data are among the potential drivers. Malaysia's industrial production is also due today but is unlikely to serve as a catalyst.

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	4.1873	4.2000	4.2183

MYR Crosses

EUR/MYR



EUR/MYR Neutral

EUR/MYR opened 0.12% higher at 4.9753, continuing to trade around recent ranges amid cautious sentiment. The cross 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 0.2% lower at 5.5040 and was moving within a tight range. BOE has cleared up any suspense of negative rates, yesterday's momentum was only temporary as market is awaiting consolidation. USD movement is expected to be a main driving factor in the absence of Brexit development.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4415	5.4790	5.5051	5.5300	5.5500

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.63% higher at 3.0296, catching up with the overnight AUD strength. The RBA statement on monetary policy is a non-event. Investors are anticipating China trade data. In the short term, a shift in sentiment (stronger USD) or consolidation in AUD/USD could weaken the pair and send it below 3.0.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9922	3.0000	3.0295	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 Damansara

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my**DISCLAIMER**

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