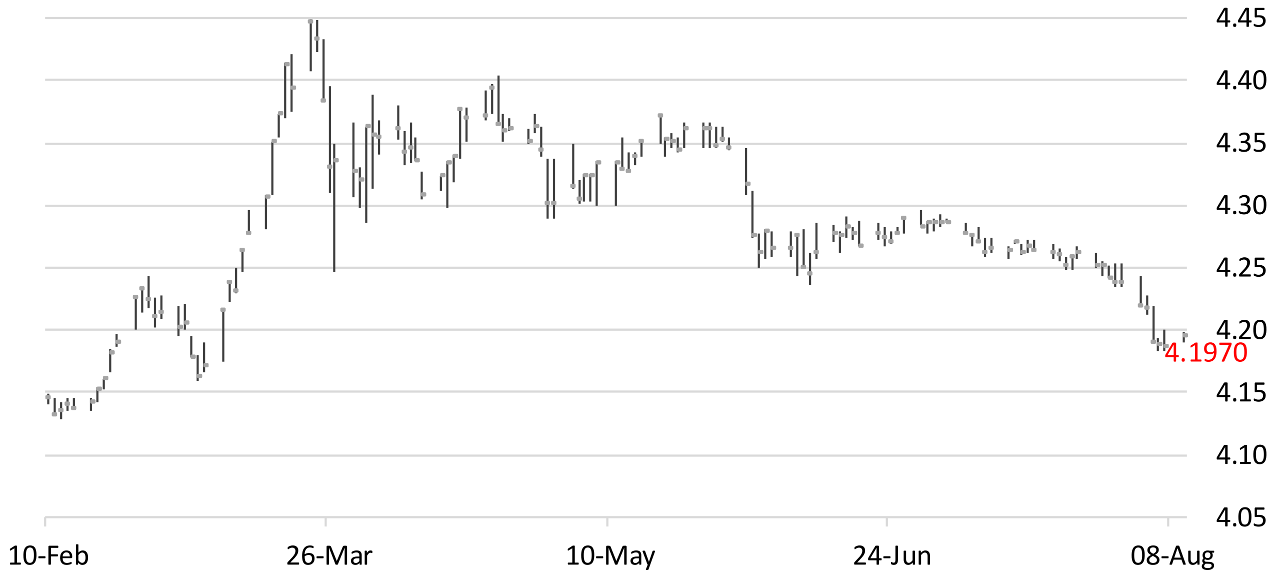
10 August 2020

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 4.1910. The pair is oversold following recent gains but further consolidation in the USD will likely keep it in rangebound mode, limiting any upside. We expect a range of 4.18-4.22 in the week ahead in the run-up to scheduled release of 2Q GDP on Friday, where we see upside risks to our projection for a 12.3% YOY contraction (1Q: +0.7% YOY). A shift in global sentiment could rejuvenate the dollar further and reverse recent FX movements.

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	4.1800	4.1840	4.1970	4.2000	4.2183

MYR Crosses

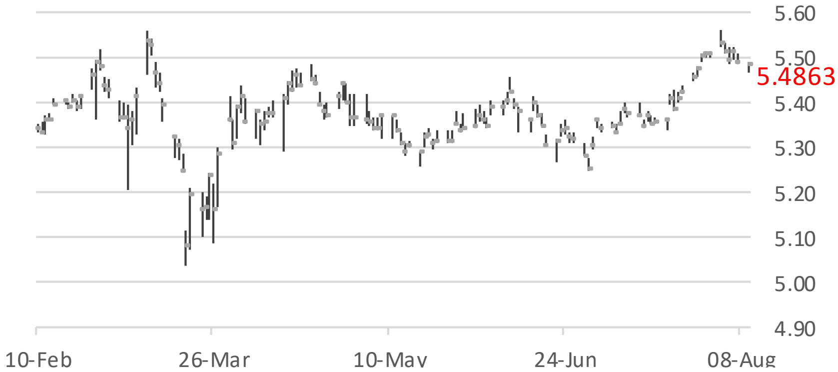
EUR/MYR

EUR/MYR Neutral

EUR/MYR opened 0.3% lower at 4.9343, catching up with weaker EUR last Friday. Pair has then rebounded to 4.9500 and market is likely to be muted 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	4.9200	4.9343	4.9510	4.9676	4.9800

GBP/MYR



GBP/MYR Neutral

GBP/MYR opened 0.44% lower at 5.4660, similarly because of weaker GBP last week. The pair managed to make a minor rebound. Again, little movement is expected thereafter in the absence of a decisive driver. USD movement is expected to be a main driving factor in the absence of Brexit development.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4255	5.4446	5.4863	5.5077	5.5300

AUD/MYR

AUD/MYR Neutral

AUD/MYR opened 0.82% lower at 2.9977 after AUD weakened last Friday. Market is cautious over US-China tension after Trump signed executive order to ban Tik Tok. No change to our view that in the short term, a shift in sentiment (stronger USD) or consolidation in AUD/USD could weaken the pair and send it below 3.00.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9922	3.0000	3.0077	3.0254	3.0485

Source: Bloomberg, HLBB Global Markets Research

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