

11 August 2020

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened virtually unchanged at 4.1970. The pair remained oversold and further consolidation in the USD will likely to keep it in rangebound mode, limiting any upside. We expect a range of 4.18-4.22 this week in the run-up to scheduled release of 2Q GDP on Friday, where we are pencilling in a contraction of 12.3% YOY (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	4.2055	4.2100	4.2200

MYR Crosses

EUR/MYR



EUR/MYR Neutral

EUR/MYR opened 0.2% lower at 4.9255, catching up with weaker EUR overnight. Maintain neutral outlook on EUR/MYR as 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	4.9043	4.9200	4.9331	4.9516	4.9621

GBP/MYR



GBP/MYR Neutral

GBP/MYR opened little changed at 5.4874. GBP/USD was holding steady this morning. UK employment data could which is expected to provide insights on the labour market, could serve as an intraday driver but key event is tomorrow's GDP report. In the medium term, USD movement is expected to be a main driving factor in the absence of Brexit development.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4446	5.4660	5.4974	5.5121	5.5300

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened unchanged at 3.0030. Pair continues to move on a muted note with market being cautious over US-China tension after Trump signed executive order to ban Tik Tok as well as China's recent sanction of 11 US individuals. 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	2.9500	3.9800	3.0071	3.0254	3.0485

Source: Bloomberg, HLBB Global Markets Research

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