

12 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 (-0.07%) at 4.1910. We continue to 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). The pair remained oversold and further consolidation in the USD will likely to keep it in rangebound mode, limiting any upside. 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	4.2015	4.2100	4.2200

MYR Crosses

EUR/MYR



EUR/MYR Neutral

EUR/MYR opened 0.43% lower at 4.9219. EUR/MYR as market is expected to remain cautious although USD is gathering momentum. Eurozone industrial production data is due today. Only a major surprise could drive market. A shift in sentiment would hasten to fall in EUR and send the pair back towards circa 4.90.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.8850	4.9043	4.9289	4.9500	4.9613

GBP/MYR



GBP/MYR Neutral

GBP/MYR opened 0.36% lower at 5.4740. The pound is likely to hold steady in the morning session ahead of the GDP report at 2pm. UK employment data has proven that the economy is in a dire state. A worse reading (versus consensus of -20.7%) could weigh further on GBP which is currently consolidating its recent gains against the USD.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4446	5.4660	5.4758	5.5121	5.5300

AUD/MYR



AUD/MYR Bearish

AUD/MYR opened 0.49% lower at 2.9968 and slipped further below 3.0 in response to downbeat Australia's wages data that came below expectations. A much slower wage growth indicates poor consumer spending and inflation outlook, which would leave the RBA sticking even longer to its accommodative policy stance.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9500	3.9800	2.9903	3.0192	3.0400

Source: Bloomberg, HLBB Global Markets Research

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