13 August 2020

Global Markets Research

Mid-day Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened 0.3% lower at 4.1875. 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. We foresee substantial downside risks to our initial projection of -12.3% YOY (1Q: +0.7% YOY) given a much weaker than expected services and construction sector. The pair remained oversold and further consolidation in the USD will likely to keep it in range-bound 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	4.1870	4.2100	4.2200

MYR Crosses

EUR/MYR

EUR/MYR Neutral

EUR/MYR opened 0.23% higher at 4.9454, catching up with gains n EUR/USD overnight. EUR/MYR remains largely neutral, staying above 4.90. Eurozone data did not sway market. For now, markets appear to be cautious still, as seen in the swing between gains and losses of the USD. We stick to a view that a shift in sentiment would hasten the fall in EUR and send the pair back towards circa 4.90.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.9043	4.9165	4.9433	4.9500	4.9613

GBP/MYR

GBP/MYR Neutral

GBP/MYR opened little changed at 5.4706. GDP and job report confirms the UK's poor economic state, although rebound in industrial production offered some reliefs. A longer-term concern is what happens when the job protection program expires. We maintain neutral outlook on GBP for the rest of the week. USD movement remains key driver for now.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4480	5.4600	5.4685	5.5093	5.5300

AUD/MYR

AUD/MYR Neutral

AUD/MYR opened 0.53% higher at 3.0041, returning back above 3.0. Daily outlook is neutral after AUD was unfazed by the rather positive Australian job report, pointing to some wariness over economic recovery given that Victoria still recorded high daily cases. Key China data are due tomorrow – a big positive surprise could provide a short-term boost to AUD and vice versa.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9600	2.9845	3.0013	3.0173	3.0314

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

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