

14 August 2020

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to bearish

USD/MYR opened little changed at 4.1900 but has edged up to 4.1970 as of writing ahead of today's Malaysia GDP report due noon. 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	4.1970	4.2100	4.2200

MYR Crosses

EUR/MYR



EUR/MYR Neutral

EUR/MYR opened 0.16% lower at 4.9524. EUR/MYR is now back at circa 4.9500 after having retreated to as low as 4.9165. Outlook remains largely neutral, staying above 4.90 in the short term. Eurozone data is not expected to move market. Markets remain cautious and will continue to monitor movement 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 4.90.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.9043	4.9165	4.9572	4.9700	4.9870

GBP/MYR



GBP/MYR Neutral

GBP/MYR opened 0.13% lower at 5.4781. Pair continues to trade within a tight range despite poor GDP and job data. The expiry of the government's job protection program remains a longer term concern after Chancellor Sunak ruled out an extension last week. We maintain neutral outlook on GBP for now. USD movement remains key driver in the short term.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4480	5.4600	5.4804	5.5093	5.5300

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.29% lower at 2.9959, following weaker AUD overnight. Daily outlook remains neutral as the Aussie dollar seem undeterred by below-estimates Chinese economic data. Concerns over Australia's economic recovery and high daily cases (>300) in Victoria remain on investors' radar.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9600	2.9845	2.9960	3.0079	3.0250

Source: Bloomberg, HLBB Global Markets Research

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