

17 August 2020

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened unchanged at 4.1925 and has weakened slightly amid weak dollar. Last week's Malaysia GDP report (worse than expected) did not sway the local unit. We stay neutral on USD/MYR next week although USD weakness looks set to dominate market this week on the ground that the pair remains in oversold territory. Expectation for further consolidation in the USD will likely keep USD/MYR in recent ranges of 4.18-4.22.

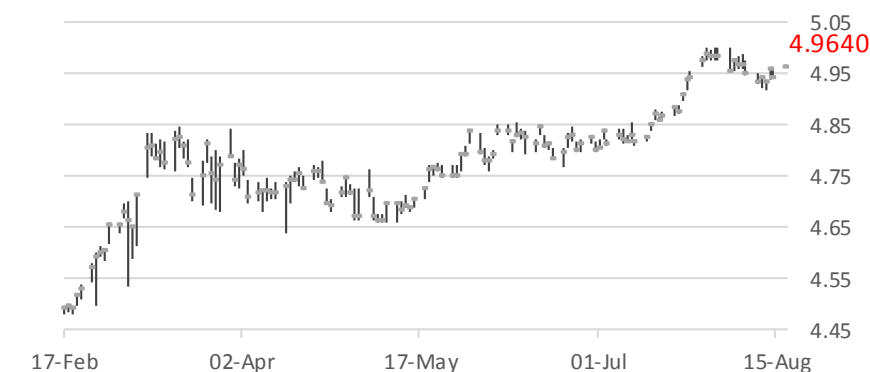
1-Month Outlook – MYR Neutral to slightly bearish

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 tells 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	4.1850	4.2007	4.2100

MYR Crosses

EUR/MYR



EUR/MYR Neutral

EUR/MYR opened 0.5% higher at 4.9690. We are neutral on EUR at stretched level; CFTC net longs (for EUR) hit nearly 200k for the week ended 11 Aug. 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	4.9407	4.9640	4.9700	4.9870

GBP/MYR



GBP/MYR Neutral

GBP/MYR opened 0.12% higher at 5.4945. We are neutral on GBP amid consolidation mode. GBP will remain driven primarily by dollar movements amid a lack of Brexit development.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4480	5.4600	5.4829	5.5093	5.5300

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.54% higher at 3.0156. We are neutral on AUD, expecting the cross to stay at circa 2.99-3.01 in the short term. Australia's corporate earnings and RBA meeting minutes are in the spotlight this week. Victoria's Covid-19 situation remains on investors' radar.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9600	2.9845	3.0100	3.0200	3.0330

Source: Bloomberg, HLBB Global Markets Research

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