

21 August 2020

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened 0.14% higher at 4.1797. The pair has now broken below our earlier expected range of 4.18-4.22 this week. The broader greenback has retreated after a boost on Wednesday; USD/MYR remains oversold, this makes consolidation and rebound all the more likely in the short term. Maintain view that 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 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	4.1600	4.1700	4.1770	4.1892	4.2000

MYR Crosses

EUR/MYR



EUR/MYR Neutral

EUR/MYR opened 0.39% lower at 4.9627. Daily outlook is rather neutral with EUR/USD is still eyeing 1.2 key resistance but seems to be struggling to maintain Thursday's rebound. Markets are expecting the preliminary Eurozone PMIs for August which shall offer some insights to the ongoing recovery

	S2	S1	Indicative	R1	R2
EUR/MYR	4.9000	4.9272	4.9574	4.9800	4.9970

GBP/MYR



GBP/MYR Bullish

GBP/MYR opened little changed at 5.5296; GBP was the top gainer among G10 currencies overnight and is expected to extend its current bullish momentum. UK retail sales are PMI data are in the pipeline today. There is still room for GBP/MYR to gain in the short term after which it shall consolidate once again.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4749	5.5019	5.5245	5.5478	5.5590

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.62% lower at 3.0155 and eased slightly, hovering above 3.00. Pair was little moved by upbeat preliminary Aussie retail sales. All states recorded growth in sales except for pandemic stricken Victoria. We maintain view that AUD/MYR could consolidate in the short term when USD rebounds.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9845	3.0000	3.0077	3.0141	3.0300

Source: Bloomberg, HLBB Global Markets Research

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