24 August 2020

Global Markets Research

Mid-day Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to slightly bearish

USD/MYR opened little changed at 4.1815. The greenback strengthened on Friday, offering signs that a correction is underway. We are biased towards neutral to slight bearishness in the MYR this week. USD/MYR remains slightly oversold which implies there is still room for the pair to move higher. We are now eyeing a range of 4.16-4.20 for USDMYR in the week ahead.

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	4.1805	4.1892	4.2000

MYR Crosses

EUR/MYR

EUR/MYR Neutral

EUR/MYR opened 0.13% lower at 4.9294. Daily outlook is neutral with EUR/USD hovering at around 1.18. Economic data are light this week and EUR/USD is expected to range bound ahead of the Jackson Hole Symposium at which Fed Chair Jerome Powell is expected to deliver a speech. EUR/MYR is likely staying above 4.90, within 4.92-4.95 in the short term.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.9165	4.9300	4.9333	4.9567	4.9800

GBP/MYR

GBP/MYR Neutral

GBP/MYR opened 0.81% lower at 5.4703, catching up with the huge losses in GBP/USD last Friday. Daily outlook is expected to be neutral after the sharply lower opening. GBP/USD remains at stretched level and may consolidate in the short term as USD resurged. Pair is dollar driven (Powell's speech) in the absence of Brexit progress. Data may not elicit much movement.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4660	5.5041	5.4742	5.5351	5.5583

AUD/MYR

AUD/MYR Neutral

AUD/MYR opened 0.3% lower at 2.9917. Daily outlook is neutral. AUD/USD is at stretched level; we maintain view that AUD/MYR could consolidate in the short term when USD rebounds.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9500	2.9749	2.9987	3.0112	3.0300

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