

27 August 2020

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened 0.11% lower at 4.1655. We remain biased towards neutral to slight bearishness in the MYR this week and next, expecting some consolidations, eyeing a range of 4.16-4.20. All eyes are on Powell's speech tonight which is expected to shed light on the Fed's new policy tool to counter continuously low inflation.

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	4.1500	4.1600	4.1710	4.1846	4.2000

MYR Crosses

EUR/MYR



EUR/MYR Neutral

EUR/MYR opened 0.2% higher at 4.9378 and is remaining within the recent range of 4.92-4.94. We remain neutral on the pair ahead of Powell's speech which could drive the greenback in either direction.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.8960	4.9172	4.9350	4.9445	4.9567

GBP/MYR



GBP/MYR Neutral

GBP/MYR opened 0.51% higher at 5.5127 as the pound strengthened against the dollar. Daily outlook is neutral after the sharply higher opening. GBP/USD is very much dollar driven (Powell's speech) in the absence of Brexit headlines/progress.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4852	5.5000	5.5089	5.5150	5.5350

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.57% higher at 3.0216 but has eased to circa 3.0170. AUD/USD is at stretched level and we maintain view that AUD/MYR could consolidate in the short term. Nonetheless, the trajectory of AUD is expected to be determined by Powell's speech today.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0000	3.0103	3.0167	3.0227	3.0300

Source: Bloomberg, HLBB Global Markets Research

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