

1 September 2021

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to Bullish

USD/MYR opened little changed at 4.1575; the pair is seen weakening below 4.15 this morning and stabilising at circa 4.1475-80 levels. The breaking of multiple support levels in the past week has reinstated the bearishness in the pair but the oversold condition may lead to some recovery in the short term.

1-Month Outlook – MYR Bearish

We are neutral to bearish on MYR expecting USD/MYR to correct from the current low back to circa 4.20-4.23 levels especially after the Fed hinted it may start to taper its asset purchase program this year, prompting a knee-jerk selloff in the USD. On the local front, Malaysia continues to report higher vaccination rates which would allow it to move on to the next phase of its National Recovery Plan but the daily infections remain high around the 20,000 mark.

	S2	S1	Indicative	R1	R2
USD/MYR	4.1200	4.1400	4.1475	4.1700	4.1900

MYR Crosses

EUR/MYR

EUR/MYR Neutral to Bearish

EUR/MYR opened little changed at 4.9073. EUR/USD stabilised at 1.18 levels but EUR/MYR eased further on the back of stronger MYR. The Eurozone's manufacturing PMI is unlikely to move market, focus is more on the US job report before next week's ECB meeting. The Eurozone's CPI surge to a 10-year high, presenting a challenge to the ECB's policy communication.



	S2	S1	Indicative	R1	R2
EUR/MYR	4.8750	4.8900	4.8939	4.9071	4.9316

GBP/MYR

GBP/MYR Neutral to Bearish

GBP/MYR opened 0.2% lower at 5.7144. GBP/USD failed to defend 1.38 and pulled back to circa 1.37 amid profit taking. The weaker UK credit-related data limit also contributed negatively. Sterling related data are scarce this week and the USD direction remains a major driver.



	S2	S1	Indicative	R1	R2
GBP/MYR	5.6565	5.6833	5.6948	5.7200	5.7564

AUD/MYR

AUD/MYR Neutral to Bearish

AUD/MYR opened 0.4% higher at 3.0406. Australia's 2Q GDP beat expectations but failed to boost AUD as market weighed the potential extensions of multiple regional lockdowns as well as the weaker Chinese PMI. We maintain neutral to bearish outlook for AUD/MYR as MYR retains bullishness.



	S2	S1	Indicative	R1	R2
AUD/MYR	3.0100	3.0280	3.0327	3.0500	3.0655

Source: Bloomberg, HLBB Global Markets Research

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damansara

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my**DISCLAIMER**

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter.

Potential and actual conflict of interest may arise from the activities of HLB Group. HLB Group constitute a diversified financial services group. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and other activities for their own account or the account of others. In the ordinary course of their business, HLB Group may effect transactions for their own account or for the account of their customers and hold long or short positions in the financial instruments. HLB Group, in connection with its business activities, may possess or acquire material information about the financial instruments. Such activities and information may involve or have an effect on the financial instruments. HLB Group have no obligation to disclose such information about the financial instruments or their activities.

The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.