2 July 2021

Global Markets Research

Mid-day Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to Bearish

USD/MYR opened slightly higher at 4.1600 and strengthened to 4.1660 as of writing. This MYR sentiment was battered by the strong USD and the government's decision to impose the "enhanced" MCO on several Klang Valley's districts and localities. Amid cautious sentiment and higher demand for safe havens, USD bulls may continue to manifest themselves in the Asian session. USD/MYR has surpassed 4.16, targeting 4.17 next but the cautiousness ahead of next week's BNM MPC meeting may result in limited gains.

1-Month Outlook – MYR Neutral to Bearish

The MYR medium-term outlook will likely be influenced by USD movements as well as the pandemic development on the local front. In the immediate term, we expect some pressure on MYR amid growth concerns stemming from the nationwide lockdown to contain the elevated infection rates and new virus variants, as well as the Federal Reserve's recent hawkish signals that have prompted the USD's gradual shift towards strength.

	S2	S1	Indicative	R1	R2
USD/MYR	4.1250	4.1400	4.1660	4.1700	4.1850

MYR Crosses

EUR/MY

EUR/MYR Neutral to Bearish

EUR/MYR opened little changed at 4.9262 but edged up to above 4.93 amd weaker MYR. We maintain neutral to bearish outlook on the pair, as USD bulls are likely to exert themselves on EUR. Markets shift attention to a special ECB strategy meeting next week.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.9000	4.9192	4.9340	4.9637	4.9859

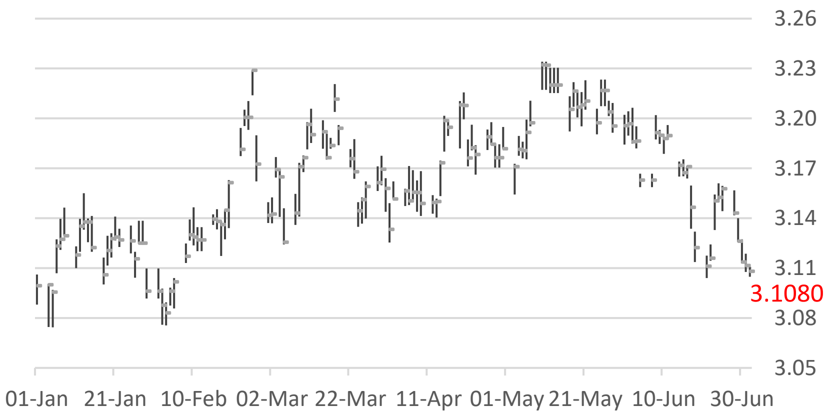
GBP/MYR

GBP/MYR Neutral to Bearish

GBP/MYR opened 0.1% lower at 5.7220. Apart from the strong USD, the worsening Covid situation in the UK is expected to weigh on GBP sentiment especially after the 27k new cases reported yesterday. It is now very unlikely that the government will fully reopen the economy on 19 July.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.7000	5.7180	5.7328	5.7500	5.7744

AUD/MYR



AUD/MYR Neutral to Bearish

AUD/MYR opened 0.2% lower at 3.1048. Risk aversion, strong USD sentiment and the concerns over the Covid delta variant continue to serve as dampeners for the AUD's outlook. The anticipation ahead of next week's crucial RBA meeting may limit volatility as markets await the central bank's decision on the 3Y yield target and QE program.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0800	3.0970	3.1080	3.1200	3.1329

Source: Bloomberg, HLBB Global Markets Research

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