2 August 2021

Global Markets Research

Mid-day Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened little changed at 4.2240. We expect some range trading within 4.21-4.25 in the week ahead as investors monitor the local political and pandemic development. We continue to see 4.25 as a major resistance and a break will lead the pair towards 4.28. The pair is supported at 4.20.

1-Month Outlook – MYR Neutral to Bullish

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. After the strong outperformance, we expect the pair to retreat to circa 4.20 levels.

	S2	S1	Indicative	R1	R2
USD/MYR	4.2000	4.2200	4.2265	4.2400	4.2500

MYR Crosses

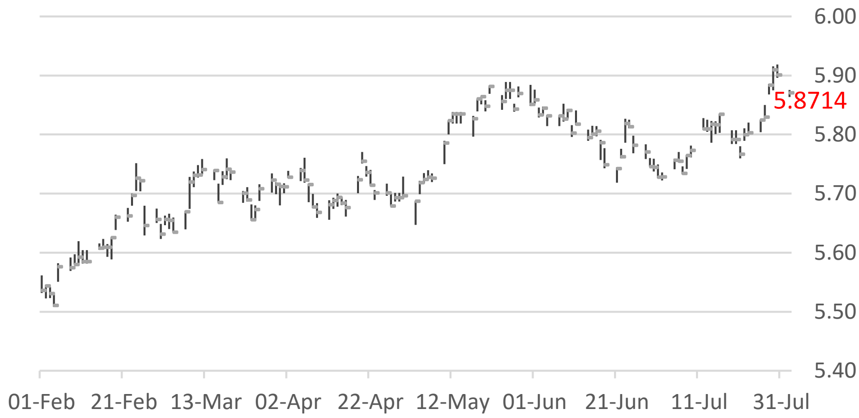
EUR/MYR

EUR/MYR Neutral to Bearish

EUR/MYR opened 0.3% lower at 5.0083. EUR/USD faces some selling pressure after hitting levels beyond 1.19 last Friday following the robust GDP data. USD is gaining strength ahead of key ISM data today. EUR/MYR may track the pair concurrently amid a stabilising MYR.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.9945	5.0042	5.0145	5.0200	5.0400

GBP/MYR

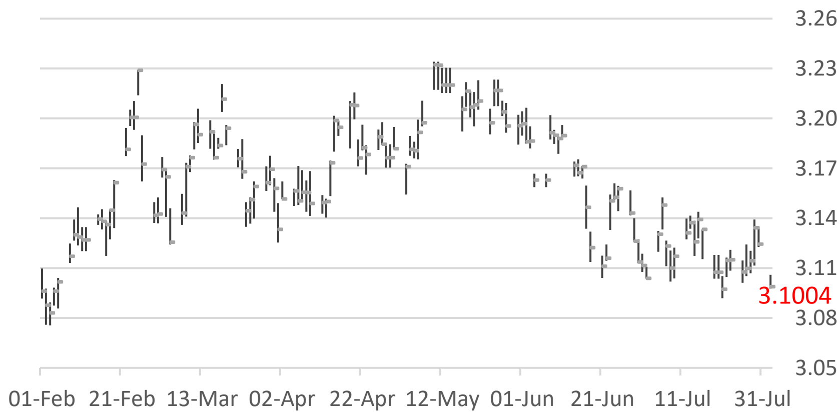


GBP/MYR Neutral to Bearish

GBP/MYR opened 0.6% lower at 5.8646. Pair is experiencing some reversals as expected following the outperformance last week. Focus now shifts to the Bank of England's policy decision this week. Markets are scrutinizing for any hawkish shift from the BOE as economic recovery was underway in the UK.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.8390	5.8500	5.8714	5.8880	5.9200

AUD/MYR



AUD/MYR Neutral to Bearish

AUD/MYR opened 0.8% lower at 3.0985. The weaker China PMI data (both official and private) dampen AUD sentiment. Investors are looking forward to this week's RBA meeting. It is unlikely that the RBA would shift its stance as it considers the threat of the delta variant. The lockdown in Sydney has been extended by four weeks.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0920	3.1000	3.1004	3.1113	3.1207

Source: Bloomberg, HLBB Global Markets Research

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