2 September 2021

Global Markets Research

Mid-day Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened 0.3% higher at 4.1685 but gave up the early gains to trade at circa 4.1500 levels. This followed the sharp weakening of the pair in the prior session to as low as 4.1435 before staging a correction. The latest moves are in line with our view that 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	4.1550	4.1700	4.1900

MYR Crosses

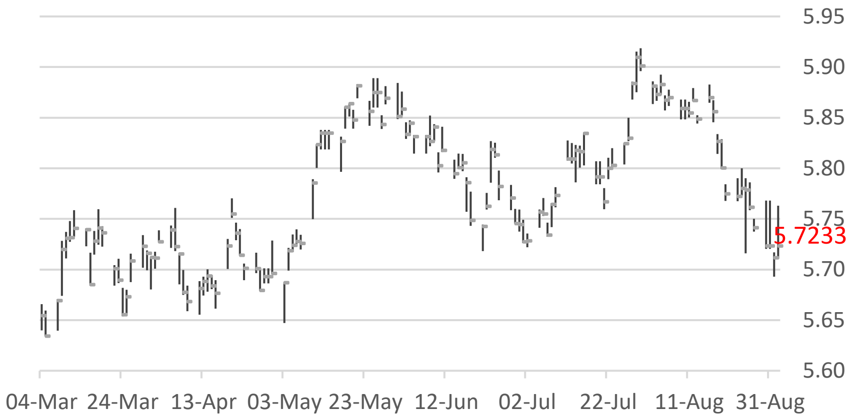
EUR/MYR

EUR/MYR Neutral to Bullish

EUR/MYR opened 0.2% higher at 4.9188 following a firmer EUR/USD overnight. The correction in the MYR also offers some support to EUR/MYR. Focus remains on the US NFP 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	4.9000	4.9193	4.9316	4.9483

GBP/MYR

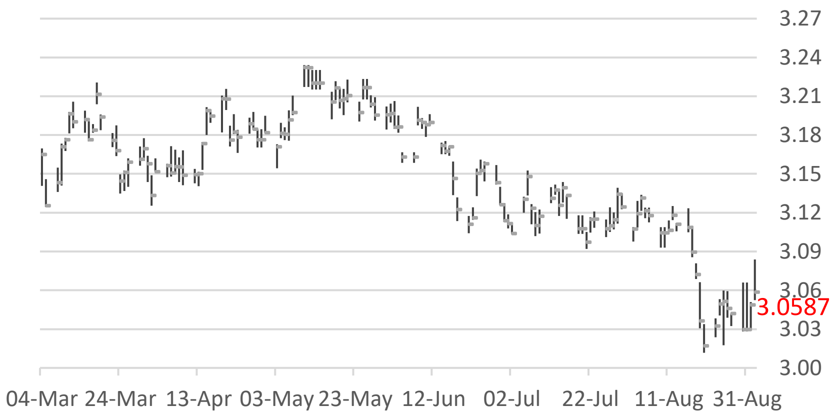


GBP/MYR Neutral to Bullish

GBP/MYR opened 0.2% higher at 5.7211 on the back of lower MYR. GBP/USD remained capped below 1.38; only a sustainable breach above this level could reinforce bullishness. Some corrections in MYR may help support GBP/MYR cross. Nonetheless, the continuous absence of key Sterling-related data means that the USD direction remains a major driver.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.6704	5.7000	5.7233	5.7464	5.7761

AUD/MYR



AUD/MYR Neutral to Bullish

AUD/MYR opened 0.4% higher at 3.0601 on stronger AUD overnight. AUD/USD failed to be boosted by the upbeat Australia's trade data this morning. Positive domestic data failed to cheer markets as the extension of the Melbourne lockdown and slower China growth outlook continue to cast a shadow. We still expect AUD/MYR to firm up as MYR corrects.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0280	3.0477	3.0587	3.0616	3.0863

Source: Bloomberg, HLBB Global Markets Research

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