

8 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 little changed at 4.1635, but edged higher to above 4.17 in response to the emergence of local political uncertainty. We maintain a neutral to bullish outlook on the pair as USD bulls continue to dominate market with immediate resistance at 4.1750 ahead of BNM's MPC decision due 3pm. We continue to see a slimmer chance of an OPR move today after the announcement of the additional RM150bn aid package to ease the pain of individuals and businesses from the latest lockdown measures, but would expect BNM to shift to a more cautious stance, paving the way for further policy easing if need be. That said, we would not be surprised if BNM decides to deliver a pre-emptive cut today given recent developments.

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	4.1720	4.1750	4.1850

MYR Crosses

EUR/MY

EUR/MYR Neutral to Bearish

EUR/MYR opened 0.3% lower at 4.9076, catching up with weaker EUR/USD overnight. EUR/USD did not much react to news that the ECB might let inflation shoot over 2%. Pair continued to stay within a rather tight range but the dominant USD leads us to maintain our neutral to bearish outlook. Support remains at 4.90.



	S2	S1	Indicative	R1	R2
EUR/MYR	4.8800	4.9000	4.9163	4.9395	4.9500

GBP/MYR

GBP/MYR Neutral to Bearish

GBP/MYR opened 0.2% higher at 5.7429. We maintain a neutral to bearish view on the pair. Apart from the broad-based USD strength weighing on GBP, we also see the UK's pandemic woes posing a downside risk to the sterling. We watch out for the monthly GDP data due Friday.



	S2	S1	Indicative	R1	R2
GBP/MYR	5.7000	5.7220	5.7498	5.7744	5.7878

AUD/MYR

AUD/MYR Neutral to Bearish

AUD/MYR opened 0.3% lower at 3.1143. We remain neutral to bearish on AUD amid USD strength and commodity market uncertainties. The RBA said it would scale down weekly asset purchases, but its overall neutral tone is at odds with market hawks and AUD bulls.



	S2	S1	Indicative	R1	R2
AUD/MYR	3.0991	3.1058	3.1118	3.1316	3.1550

Source: Bloomberg, HLBB Global Markets Research

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