11 August 2021

Global Markets Research

Mid-day Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Slightly Bullish

USD/MYR opened 0.02% higher at 4.2290 and nudged higher. The pair hit a high of 4.2420 before pulling back somewhat to trade at 4.2358 at time of writing. A close above the 4.23 handle today will signal a breakout from the recent 4.22-4.23 ranges. This is expected to strengthen bullishness in the pair, paving the way for the next move up to test the key 4.25 resistance level. We are still expecting a weekly range of 4.21-4.25 as markets await anxiously for the release of 2Q GDP and revised growth outlook.

1-Month Outlook – MYR Neutral

We expect the MYR to regain some lost grounds as higher vaccination rates should help better contain the pandemic situation. This would allow Malaysia to move on to the next phase of its National Recovery Plan and most importantly, allow more economic sectors to reopen and/or operate at higher capacity. We are forecasting USD/MYR to trend back to the 4.20 levels in the months ahead once the situation stabilizes and some forms of calm return, paving the way for more meaningful reopening and recovery in the final quarter of the year. Expectations for some consolidation in the USD would be supportive of the MYR too.

	S2	S1	Indicative	R1	R2
USD/MYR	4.2215	4.2300	4.2358	4.2448	4.2500

MYR Crosses

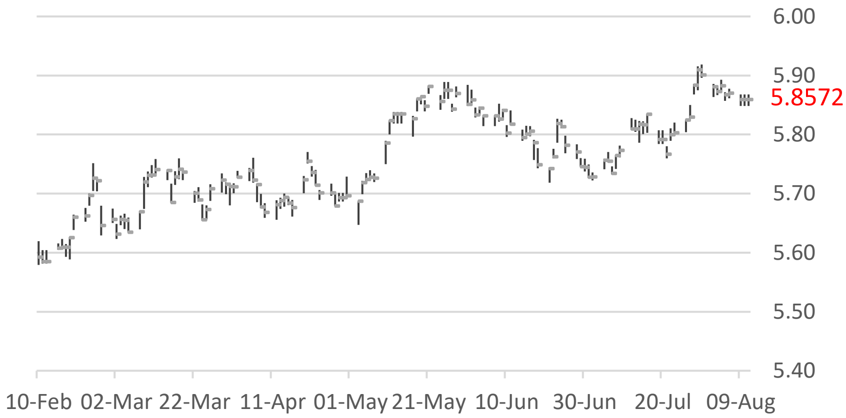
EUR/MYR

EUR/MYR Neutral to Slightly Bullish

EUR/MYR opened 0.36% lower at 4.9556 but edged higher, currently trading at 4.9656. We expect the pair to thread with a neutral to slightly bullish bias today anticipating little big swings in the EUR (1.1700-1.1750) and some slight bearishness in the MYR. EUR/MYR has broken last week's support of 4.9856, heading southwards to 4.9500 next.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.9340	4.9500	4.9656	4.9760	5.0000

GBP/MYR

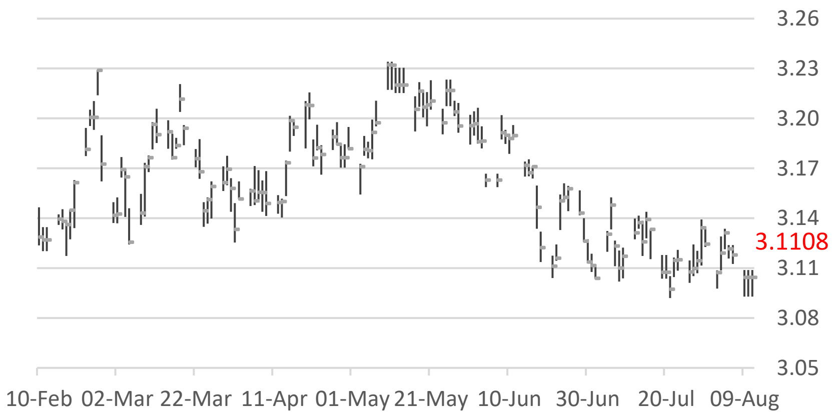


GBP/MYR Neutral to Slightly Bullish

GBP/MYR opened 0.15% lower at 5.8503 and climbed up to as high as 5.8651 before retreating to 5.8572 at time of wiritng. GBP/USD is expected to trade on a bearish bias today amid sustained USD, hence potentially limiting the upside in GBP/MYR. The UK's 2Q GDP report due Thursday is expected to be a key market driver. Markets are anticipating a strong reading as the UK economy reopened partially in 2Q.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.8300	5.8500	5.8572	5.8688	5.8836

AUD/MYR



AUD/MYR Neutral to Slightly Bullish

AUD/MYR opened 0.03% higher at 3.1052 and pulled back from early morning's high in line with other pairs. The commodity-driven gain in AUD/USD appeared to be shortlived as USD sentiments take hold while the decline in Westpac consumer confidence exerted further drag. AUD will remain USD driven until RBA meeting minutes, and Australia's 2Q wage growth and July employment data next week.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0956	3.1028	3.1108	3.1190	3.1250

Source: Bloomberg, HLBB Global Markets Research

Hong Leong Bank Berhad
Fixed Income & Economic Research, Global Markets
Level 8, Hong Leong Tower
6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel: 603-2081 1221
Fax: 603-2081 8936
Email: HLMarkets@hlbb.hongleong.com.my