12 August 2021

Global Markets Research

Mid-day Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened 0.13% lower at 4.2345 and climbed higher, trading at 4.2375 at time of writing. Yesterday's sharp move to a close at 4.24 has almost wiped out the negative momentum and strengthened the bulls, but near overbought level suggests some imminent pullback before any move higher again, testing the 4.25 key resistance next. Hene, out neutral outlook for today. 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	4.2375	4.2448	4.2500

MYR Crosses

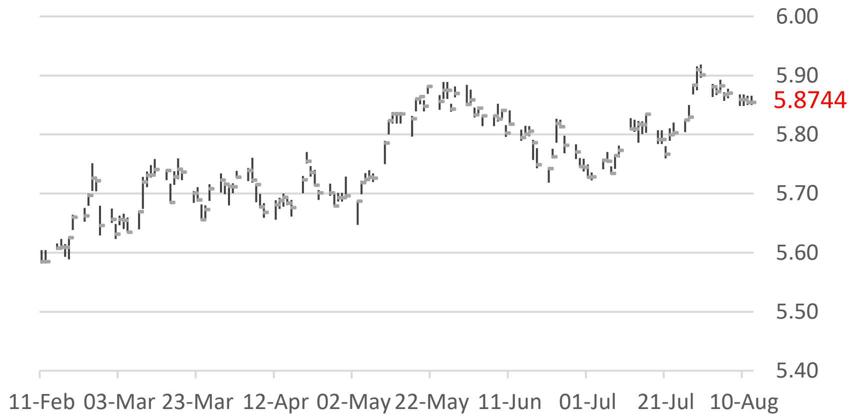
EUR/MYR

EUR/MYR Neutral

EUR/MYR opened 0.27% higher at 4.9787 and has since been trading around here. We are neutral on the pair today expecting sideway trading in both the EUR and MYR amid consolidation in the USD. Overall bearishness in the pair still stand, likely heading towards 4.9500 next.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.9369	4.9547	4.9742	4.9840	5.0000

GBP/MYR

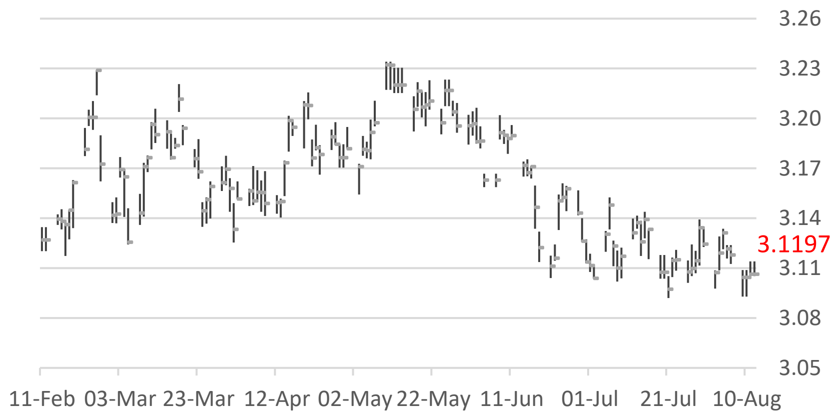


GBP/MYR Slightly Bullish

GBP/MYR opened 0.43% higher at 5.8794. Daily outlook is neutral to bullish following the higher opening even as both the sterling and MYR are expected to trade in a rangebound mode today. The UK's 2Q GDP report due today will be a key watch. Markets are anticipating a strong reading as the UK economy reopened partially in 2Q.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.8341	5.8470	5.8744	5.8881	5.9027

AUD/MYR



AUD/MYR Slightly Bullish

AUD/MYR opened 0.61% higher at 3.1251 tracking overnight gain in the Aussie, but retreated somewhat to 3.1197 at time of writing. Bullishness in AUD/MYR will likely be muted despite the higher opening, taking cue from some weaknesses seen in the Aussie this morning. 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	3.1040	3.1120	3.1197	3.1310	3.1385

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