

16 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 4.2015. USD/MYR remains bullish; a break above the 4.20 psychological level could lead the pair towards the 4.23 handle but the overbought RSI condition likely caps any upside and may lead to another pullback. Domestic issues particularly the development of the Covid-19 situation in Malaysia would remain a major driver in the short term.

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 | 4.1820 | 4.1910 | 4.2010 | 4.2070 | 4.2190 |

MYR Crosses

EUR/MYR

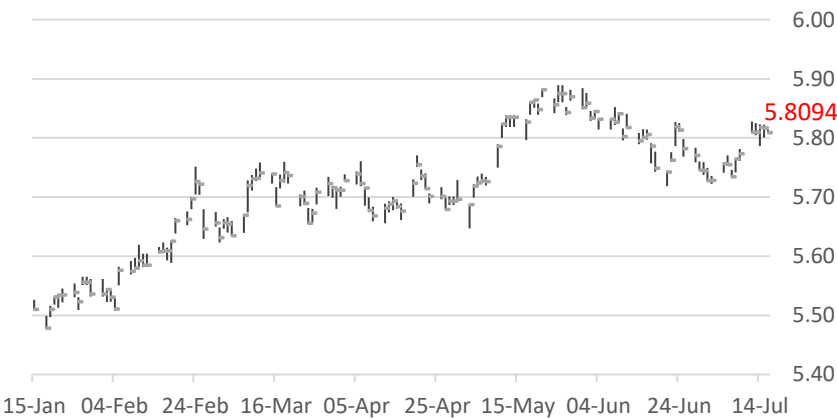


EUR/MYR Neutral to Bearish

EUR/MYR opened 0.3% lower at 4.9639. We still anticipate downside pressures for EUR as technical indicators point downward. The Eurozone's HICP inflation is up next but attention will remain on the shift in ECB's forward policy guidance next week.

| | S2 | S1 | Indicative | R1 | R2 |
|---------|--------|--------|------------|--------|--------|
| EUR/MYR | 4.9445 | 4.9536 | 4.9600 | 4.9756 | 4.9950 |

GBP/MYR



GBP/MYR Neutral to Bearish

GBP/MYR opened little changed at 5.8112. We maintain a neutral to bearish outlook on the pair today in anticipation of some stabilization in the MYR and a bearish sterling. The sterling remains susceptible to downward pressure from rising daily Covid cases in the UK. The UK reported over 40k new cases yesterday.

| | S2 | S1 | Indicative | R1 | R2 |
|---------|--------|--------|------------|--------|--------|
| GBP/MYR | 5.7371 | 5.7844 | 5.8094 | 5.8246 | 5.8409 |

AUD/MYR



AUD/MYR Neutral to Bearish

AUD/MYR opened 0.6% lower at 3.1193 as AUD came under selling pressure alongside other commodity currencies overnight. We continue to see weaker AUD as momentum is biased on the downside. Focus shifts to the RBA minutes next week.

| | S2 | S1 | Indicative | R1 | R2 |
|---------|--------|--------|------------|--------|--------|
| AUD/MYR | 3.0850 | 3.1039 | 3.1182 | 3.1273 | 3.1382 |

Source: Bloomberg, HLBB Global Markets Research

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