16 August 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 4.2340. A break of the 4.23 handle has increased bullishness in the pair but momentum indicators look neutral for now. We continue to eye a range of 4.21-4.25 for now, monitoring the local political development. Any break of the 4.25 key resistance will pave the way towards 4.28 next.

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	4.2415	4.2500	4.2800

MYR Crosses

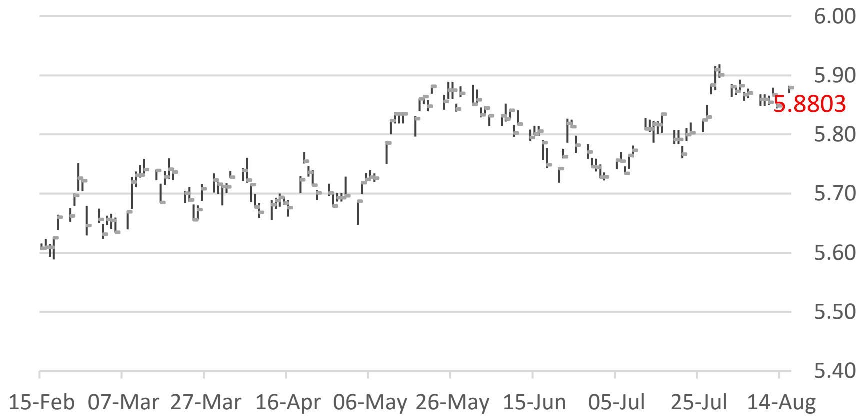
EUR/MYR

EUR/MYR Neutral to Bullish

EUR/MYR opened 0.4% higher at 4.9979 following the stronger performance in the shared currency in the previous session. We are neutral to bullish on the pair today as EUR/USD targets 1.18 handle amid the broad USD weakness after US consumer sentiment slumped to near-decade low. The preliminary reading for 2Q GDP and HICP inflation are in this week's data docket.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.9738	4.9883	5.0041	5.0150	5.0300

GBP/MYR

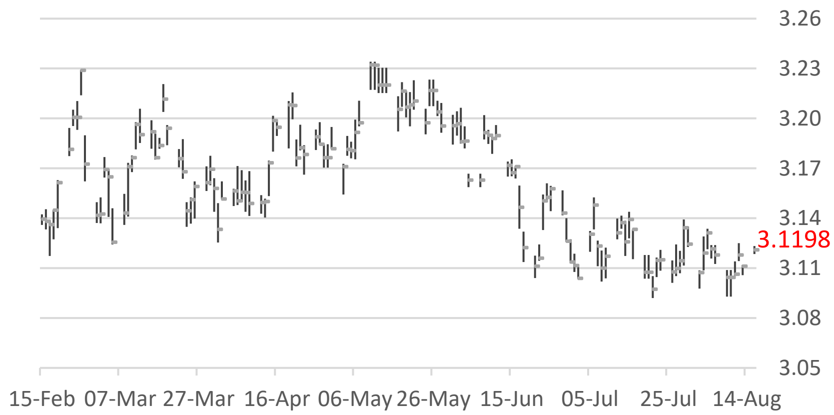


GBP/MYR Neutral to Bullish

GBP/MYR opened 0.5% higher at 5.8749, as the sterling strengthened alongside other G10s against the weaker USD in the prior session. GBP is expected to remain supported by the resilience in reopening optimism and the broader USD weakness although some Brexit jitters may cap the strength. The UK's employment data will be key watch this week for further economic assessment.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.8500	5.8676	5.8803	5.9000	5.9185

AUD/MYR



AUD/MYR Neutral to Bearish

AUD/MYR opened 0.3% higher at 3.1211 but has fell below 3.12 mark in the wake of weaker Chinese data. The RBA meeting minutes may offer clues on the central bank's earlier announcement to maintain its tapering decision. We also watch out for Australia's 2Q wage growth and July employment data.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.1000	3.1164	3.1198	3.1287	3.1400

Source: Bloomberg, HLBB Global Markets Research

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