17 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 4.2375, holding near recent levels as markets have priced in news of the resignation of the Malaysian cabinet. 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, 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	4.2400	4.2500	4.2800

MYR Crosses

EUR/MYR

EUR/MYR Neutral to Bearish

EUR/MYR opened little changed at 4.9901. The turn in sentiment boosted the broader USD and weighed on the single currency at below 1.18 levels; EUR/MYR may weaken on this premise as well as a relatively steady MYR. 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	4.9930	5.0150	5.0300

GBP/MYR

GBP/MYR Neutral to Bearish

GBP/MYR opened little changed at 5.8644. The sterling was pulled down alongside other G10 peers against a dollar resurgence. A firmer dollar and risk aversion are negative for GBP/MYR but we expect movements to be capped by the anticipation for the UK's employment data due this afternoon.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.8390	5.8500	5.8577	5.8685	5.9000

AUD/MY

AUD/MYR Neutral to Bearish

AUD/MYR opened little changed at 3.1095. The RBA meeting minutes was perceived to be dovish, as it said that the recent Delta variant outbreak had interrupted recovery. AUD/USD is now trading at the edge of 0.73, dragging AUD/MYR along to below 3.10. We watch out for Australia's 2Q wage growth and July employment data next.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0800	3.0900	3.0989	3.1133	3.1200

Source: Bloomberg, HLBB Global Markets Research

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