19 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 4.2395. USD/MYR had seen its third muted session yesterday as markets monitored the local political development. 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, paying attention to the political headlines. 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	4.2405	4.2500	4.2800

MYR Crosses

EUR/MYR

EUR/MYR Neutral to Bearish

EUR/MYR opened 0.1% lower at 4.9584. EUR/USD has hit a new low in 2021, at 1.1678. The dovish FOMC minutes led to a pause in USD strength but sentiments remained in favour of the dollar bulls as the broader financial markets turned risk-off. EUR/MYR is struggling to defend its 4.9500 position, targeting 4.9450 next.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.9380	4.9450	4.9515	4.9660	4.9800

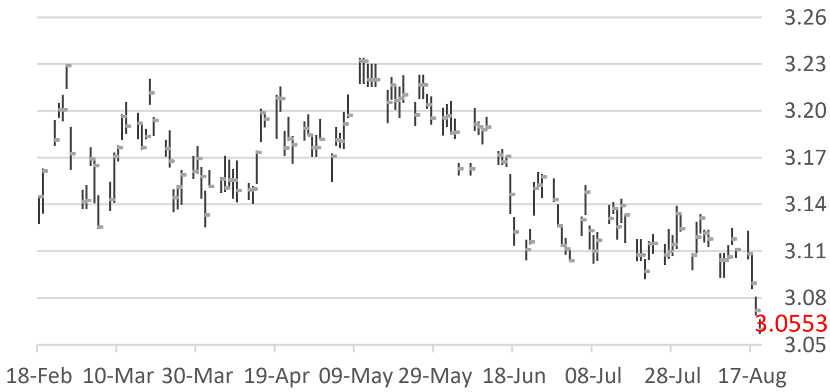
GBP/MYR

GBP/MYR Neutral to Bearish

GBP/MYR opened little changed at 5.8229. The sterling's recovery was temporary as GBP/USD slipped back to 1.3720; further pressure on the pair is likely, alongside GBP/MYR. The weaker CPI inflation was seen as short-lived as analysts generally expect inflation to surge in the coming months to BOE's 4% projection by November.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.8000	5.8186	5.8212	5.8392	5.8525

AUD/MYR



AUD/MYR Neutral to Bearish

AUD/MYR opened 0.3% lower at 3.0635. AUD/USD ticked lower to the edge of 0.72 despite a surprise decrease in Australia's unemployment rate. AUD/MYR weakened to its new 2021 low, at 3.0550 levels as of writing. Sour sentiment and weaker commodity outlook may continue to act as dampeners.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0400	3.0500	3.0553	3.0750	3.0900

Source: Bloomberg, HLBB Global Markets Research

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