20 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 saw its fourth consecutive muted session on Thursday as markets monitored the local political development, despite the broad USD strength. 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	4.2395	4.2500	4.2800

MYR Crosses

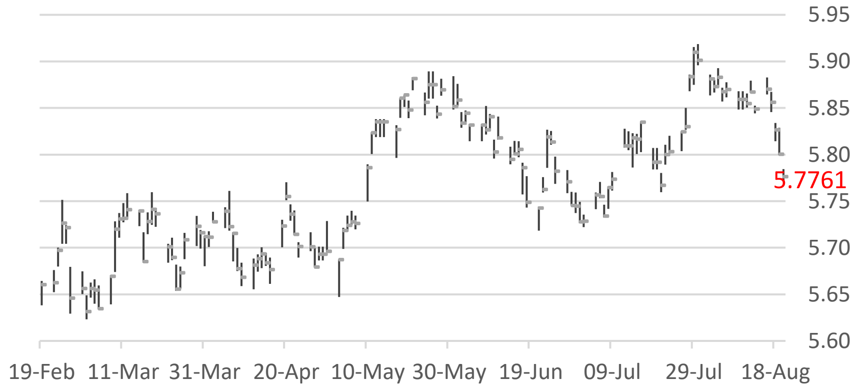
EUR/MYR

EUR/MYR Neutral to Bearish

EUR/MYR opened 0.2% lower at 4.9482. USD made a resurgence on Thursday, dragging EUR/USD to new 2021 low. Risk aversion is expected to linger in today's session amid light data flow and in anticipation of next week's Jackson Hole Symposium. EUR/MYR is still defending its 4.9500 position, a break below the level would pave the way for 4.9380.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.9380	4.9500	4.9515	4.9660	4.9800

GBP/MYR

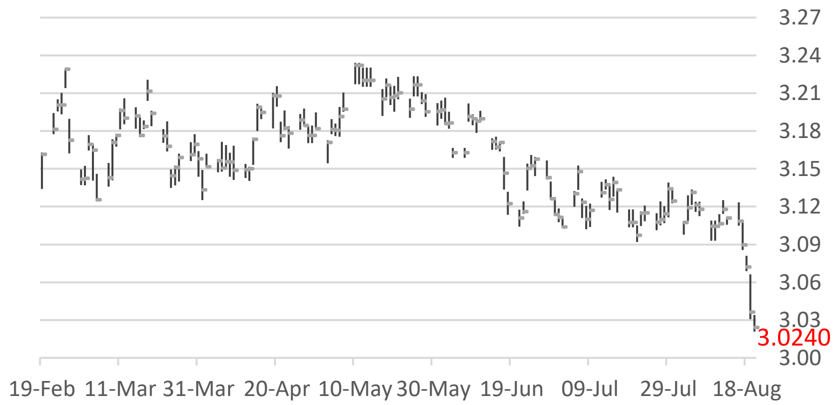


GBP/MYR Neutral to Bearish

GBP/MYR opened 0.4% lower at 5.7762. The sterling suffered a steep loss on Thursday, driven by sour sentiment despite the positive employment data. Momentum remains tilted to the downside with the weaker UK consumer confidence adding to the Brexit woes. Retail sales data due afternoon will further guide direction.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.7385	5.7600	5.7761	5.8000	5.8186

AUD/MYR



AUD/MYR Neutral to Bearish

AUD/MYR opened 0.3% lower at 3.0283. AUD/USD hit a fresh 2021 low as risk-off sentiment and weaker commodity outlook continue to act as dampeners. AUD/MYR's immediate support is at 3.0200 but oversold conditions may prevent further downside. Nonetheless, the extended lockdowns in Australia continue to cast a shadow.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0000	3.0200	3.0240	3.0500	3.0700

Source: Bloomberg, HLBB Global Markets Research

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