27 July 2021

Global Markets Research

Mid-day Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened little changed at 4.2295. The retreat of the USD overnight may leave the pair stabilising at 4.22-4.23 ahead of key US events while investors monitor the 5-day parliament sitting on the local front. The RSI indicator continued to show the pair being at overbought levels. We watch out for a weekly range of 4.21-4.25.

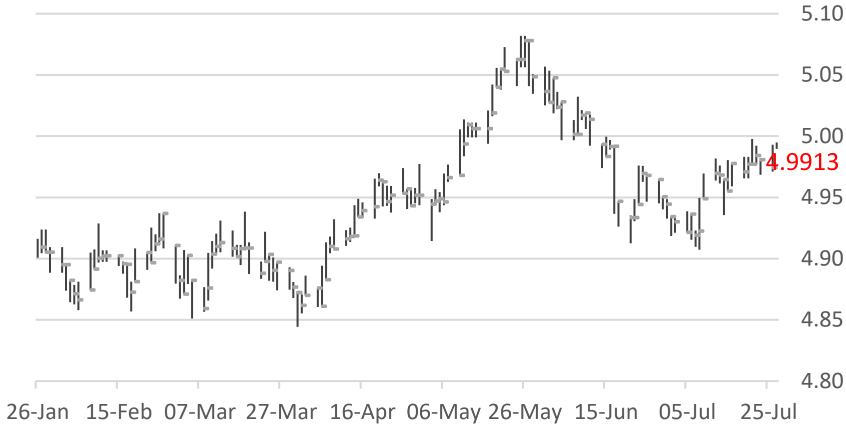
1-Month Outlook – MYR Neutral to Bullish

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. After the strong outperformance, we expect the pair to retreat to circa 4.15-4.20 levels.

	S2	S1	Indicative	R1	R2
USD/MYR	4.2000	4.2200	4.2290	4.2300	4.2500

MYR Crosses

EUR/MYR

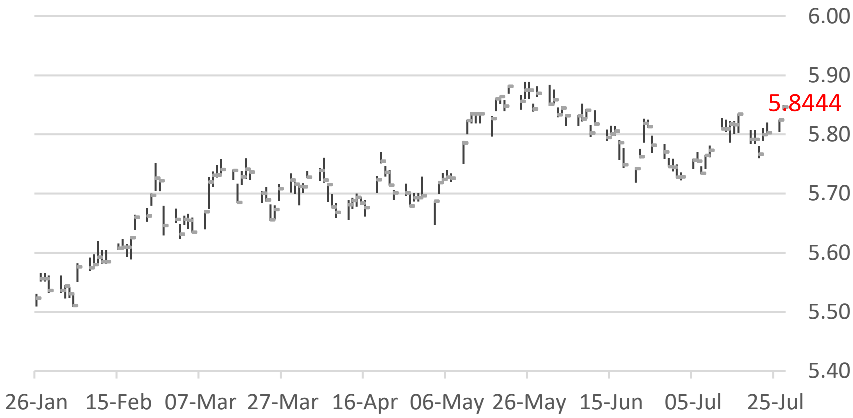


EUR/MYR Neutral

EUR/MYR opened little changed at 4.9947. EUR was boosted by the retreat in USD after US equities reversed losses in the previous session. After opening higher today, we expect limited upside on the pair as market likely tread cautiously ahead of the FOMC meeting. Key EUR-related data are the advance 2Q GDP and HICP inflation.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.9667	4.9800	4.9913	4.9948	5.0165

GBP/MYR

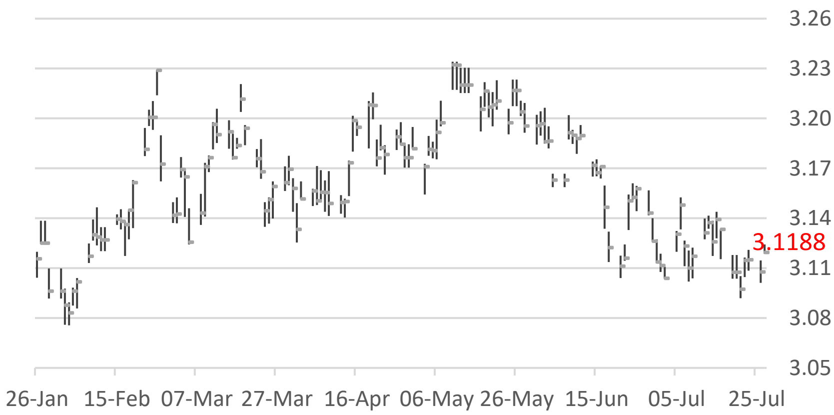


GBP/MYR Neutral

GBP/MYR opened 0.4% higher at 5.8498 as the sterling rebounded to become the top performancer among the G10s overight. The recent declines in new Covid cases suggest that the latest outbreak my have peaked and markets seem to be looking past the rather negative Brexit headlines for now. We expect GBP/MYR to be constrained within a tight range on cautious sentiment.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.8049	5.8250	5.8444	5.8500	5.8650

AUD/MYR



AUD/MYR Neutral to Bearish

AUD/MYR opened 0.5% higher at 3.1242 but has weakened back to below 3.12. AUD had strengthened against a backdrop of USD weakness overnight but technical indicators still point to slight downsides. CPI data to be released on 28 July is expected to be a key market driver.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.1000	3.1171	3.1188	3.1249	3.1350

Source: Bloomberg, HLBB Global Markets Research

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