29 July 2021

Global Markets Research

Mid-day Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to Bullish

USD/MYR opened 0.1% lower at 4.2295. USD/MYR may experience some minor reversal after the weaker USD overnight but is likely to remain constrained at circa 4.22- 4.23 levels. Focus is now on the pandemic situation on the local front as well as the 5-day parliament sitting. 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	4.2275	4.2350	4.2500

MYR Crosses

EUR/MYR

EUR/MYR Neutral to Bullish

EUR/MYR opened 0.3% higher at 5.0157. EUR/USD was boosted amid a shift in USD sentiment following Fed Chair Jerome Powell's press conference. We see more upsides for EUR/USD but some positive reversal in MYR is likely capping the strength of the EUR/MYR cross. The Eurozone's advance 2Q GDP and HICP inflation are up next in the data docket.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.9820	4.9945	5.0094	5.0165	5.0300

GBP/MYR

GBP/MYR Neutral to Bullish

GBP/MYR opened little changed at 5.8882. GBP continued to fare relatively well amid improvement in the UK's pandemic situation. The faily new Covid cases have continued to fall, as the latest outbreak eased. The concurrent gains in GBP and MYR may limit the strength of GBP/MYR as the dollar retreated today.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.8193	5.8500	5.8843	5.8892	5.9000

AUD/MYR

AUD/MYR Neutral

AUD/MYR opened 0.3% higher at 3.1238. AUD benefitted from the dampending USD sentiment overnight. However, we are neutral on AUD/MYR for now as MYR makes some minor gains while the extended lockdown in Sydney may gave rise to some bearish AUD sentiment.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.1000	3.1090	3.1121	3.1265	3.1350

Source: Bloomberg, HLBB Global Markets Research

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