30 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 4.2370. USD/MYR may experience some reversal after the weaker USD overnight but is likely to remain constrained at circa 4.22-4.23 levels today, although some pre-weekend risk aversion posts some upside risks to this view.

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	4.2350	4.2400	4.2500

MYR Crosses

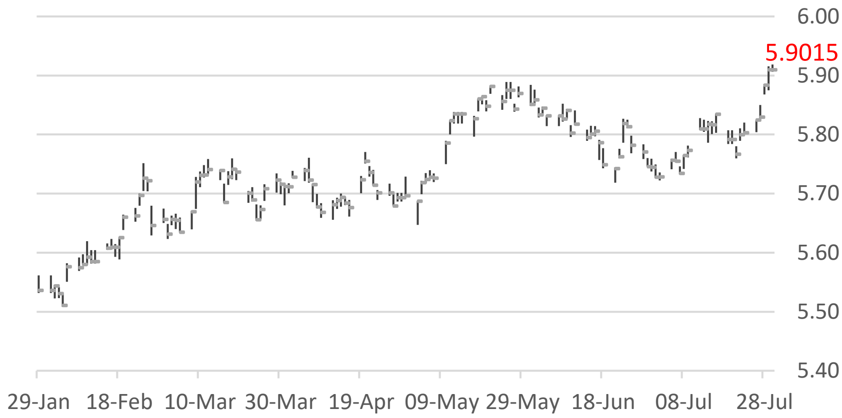
EUR/MYR

EUR/MYR Neutral

EUR/MYR opened 0.1% higher at 5.0398 as EUR/USD remained supported by the unwinding of long dollar trade ahead of the month end. After the sharp up moves in the prior session, pair may be poised for some corrections today. Fundamental wise, EUR is expected to be supported by the robust economic recovery. The Eurozone's advance 2Q GDP and HICP inflation are up next in the data docket.

	S2	S1	Indicative	R1	R2
EUR/MYR	5.0028	5.0100	5.0274	5.0400	5.0560

GBP/MYR



GBP/MYR Neutral

GBP/MYR opened 0.2% higher at 5.9186. GBP continued to strengthen against a backdrop of dollar weakness and improving pandemic sentiment on the local front. We foresee some reversal followed by stabilisation as focus now shifts to the Bank of England's policy decision next week. Markets are scrutinizing for any hawkish shift from the BOE as economic recovery was underway in the UK.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.8500	5.8880	5.9015	5.9200	5.9400

AUD/MYR

AUD/MYR Neutral

AUD/MYR opened little changed at 3.1347 but has since then posted some reversal back to below-3.13 levels. Investors are looking forward to next week's RBA meeting, but it is unlikely that the RBA would shift its stance as it considers the threat of the delta variant. The lockdown in Sydney has been extended by four weeks.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.1156	3.1250	3.1274	3.1350	3.1500

Source: Bloomberg, HLBB Global Markets Research

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