31 May 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 at 4.1320, spiking to as high as 4.1480 before pulling back to below 4.14 as of writing. We turned neutral to bullish on the pair today, suspecting some knee-jerk reactions after the government announced a full two-week national lockdown last Friday, starting from 1 June. However, the economic impact is likely to be much smaller this round given that it is less restrictive compared to the MCO 1.0 first imposed in March last year. We estimate that every two-week lockdown would deduct 0.8-1.0ppt off GDP growth. 4.1500 continues to serve as a key resistance and we eye a range of 4.13-4.17 in the week ahead.

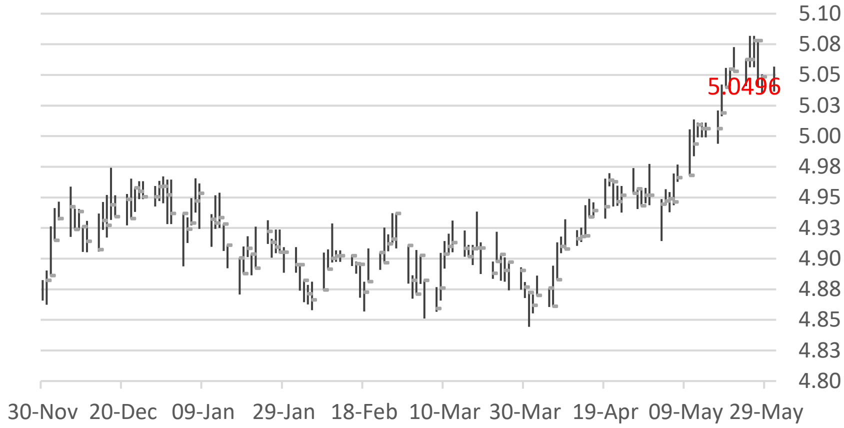
1-Month Outlook – MYR Neutral to Bearish

We continue to expect the dollar to remain resilient toward 2Q, in line with the increased net long position in recent weeks. USD/MYR will likely be trading at circa 4.15, within our end-2Q21 forecast, before trending down in 2H this year.

	S2	S1	Indicative	R1	R2
USD/MYR	4.1200	4.1300	4.1390	4.1550	4.1700

MYR Crosses

EUR/MYR



EUR/MYR Neutral to Bullish

EUR/MYR opened little changed at 5.0379. We stay slightly constructive on EUR in general on market positivity and EUR's resilience, despite some recent profit-taking moves. Upward momentum remains high, supported reopening optimism. Key driver for EUR this week remains the USD itself but we watch out for data such as CPI and retail sales and PMIs.

	S2	S1	Indicative	R1	R2
EUR/MYR	5.0275	5.0400	5.0496	5.0560	5.0800

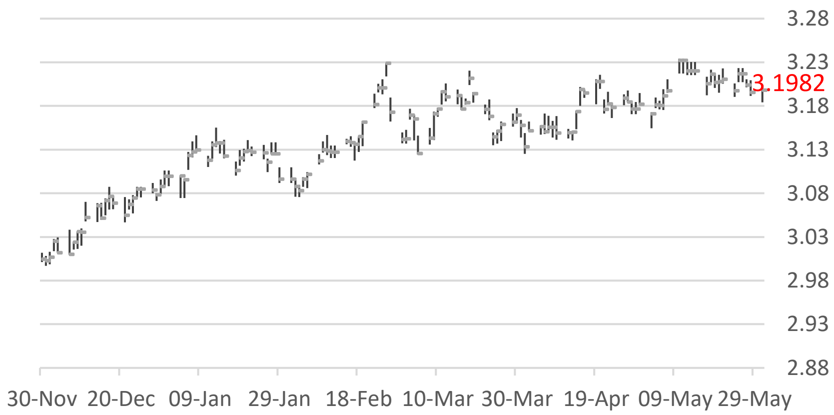
GBP/MYR

GBP/MYR Neutral to Bullish

GBP/MYR opened 0.2% lower at 5.8604 but regained strength to near 5.88 as of writing. GBP is expected to retain its bullishness on the back of strong economic outlook, particularly when the UK is on track with is phase-by-phase reopening plan.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.8015	5.8400	5.8772	5.8850	5.9000

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.3% lower at 3.1857 but rose back to near 3.20. We maintain a neutral outlook for AUD/MYR as the pair is likely to range-trade ahead of this week's RBA decision and a slew of economic data. Market looks towards RBA for any signals/decision to taper its bond buying program amid continuous domestic economic growth.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.1650	3.1850	3.1982	3.2200	3.2350

Source: Bloomberg, HLBB Global Markets Research

Hong Leong Bank Berhad
Fixed Income & Economic Research, Global Markets
Level 8, Hong Leong Tower
6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel: 603-2081 1221
Fax: 603-2081 8936
Email: HLMarkets@hlbb.hongleong.com.my