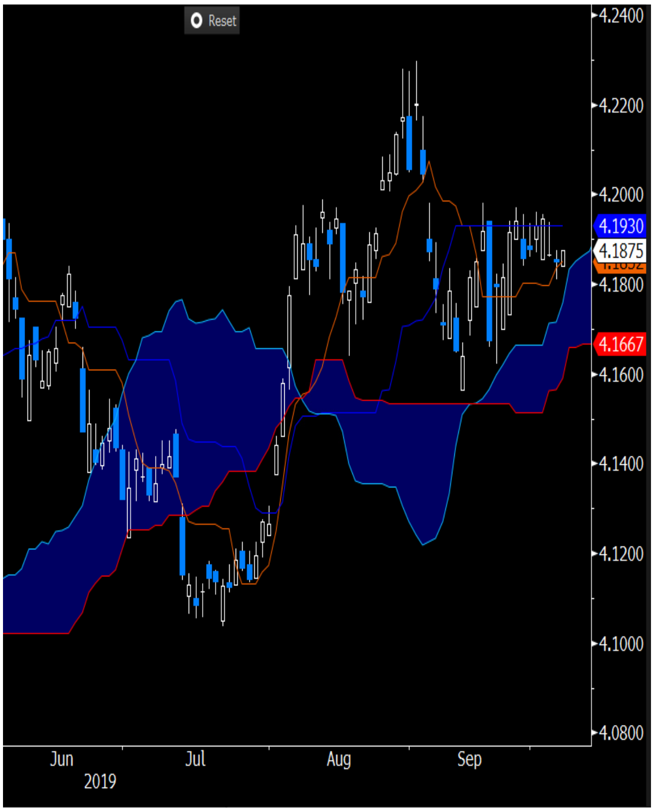
October 7, 2019

Global Markets Research

FX Strategy

Daily Currency Outlook – 11am edition

Indicative USDMYR 4.1875

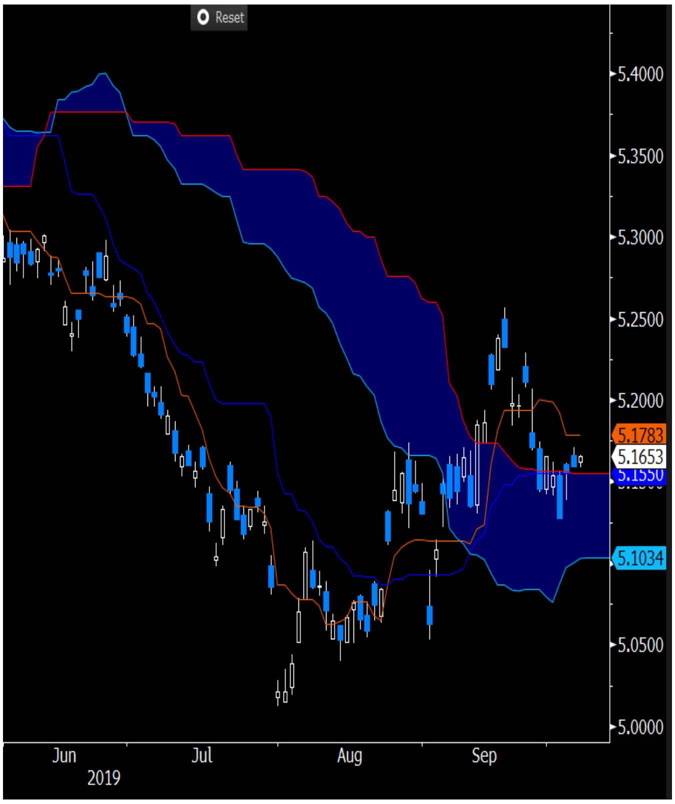


Source: Bloomberg

- USDMYR opened little changed at 4.1840 today. **Daily outlook neutral.**
- **Weekly outlook neutral and monthly outlook neutral to slightly bullish.**
- **We are neutral to MYR this week** as we expect investors to largely turn cautious ahead of this week's US-China trade talk as well as the 2020 Budget speech for Malaysia on Friday. In the medium term, we are still neutral to slightly bearish on MYR taking into account unresolved US-China trade dispute and ECB's impending APP program as it is still too early to tell if the Fed is cutting rate again at the end of this month given the lack of forward guidance/Fed speak at this juncture.
- **Key resistances:** 4.1900 (S1), 4.1950 (S2), 4.2000 (S3)
- **Key supports:** 4.1850 (R1), 4.1800 (R2), 4.1750 (R3)
- **Expected range for the day:** 4.1800- 4.1950

** levels are quoted based on spot prices at time of writing, bid/ask prices may vary*

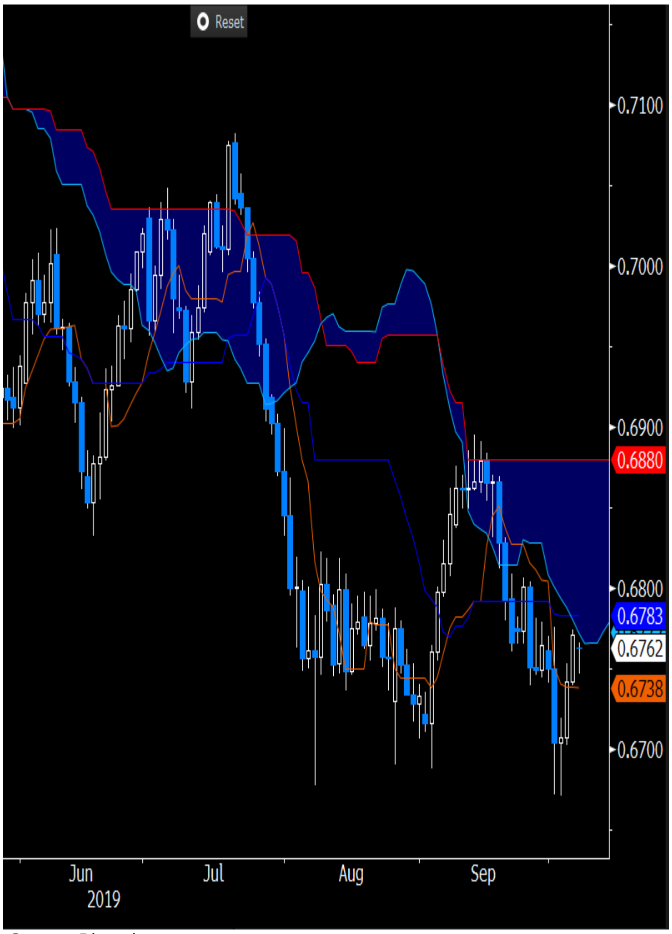
Indicative GBPMYR 5.1653



Source: Bloomberg

- GBPMYR opened slightly higher by 0.05% at 5.1620 today. **Daily outlook bearish.**
- **Weekly and monthly outlook bearish**.
- **We are bearish on the pair, expecting GBP upside to fade** this week as unfavorable Brexit headlines weigh on the pound. Short and medium term outlook are completely driven by Brexit headlines hence is subject to volatility.
- **Key resistances**: 5.1780 (R1), 5.1940 (R2), 5.2000 (R3)
- **Key supports**: 5.1550 (S1), 5.1445 (S2), 5.1300 (S3)
- **Expected range for the day:** 5.1445- 5.1800

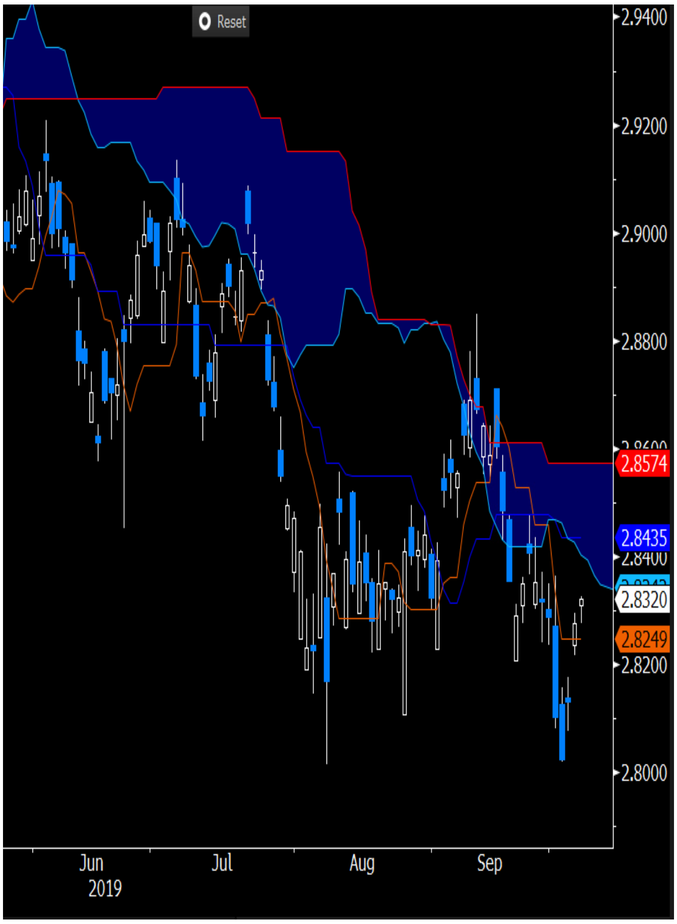
Indicative AUDUSD 0.6762



Source: Bloomberg

- AUDUSD opened 0.12% lower at 0.6763 today. **Daily outlook neutral to slightly bearish.**
- **Weekly outlook neutral and monthly outlook bearish.**
- **We are neutral to slightly bearish on AUD** on lower opening as investors are expected to stay on edge ahead of US-China trade talks. In the medium term, we remain bearish on AUD over the possibility of further RBA easing, prolonged US-China trade tension and a weakening Chinese economy that could pose downside risk to AUD.
- **Key resistances:** 0.6780 (R1), 0.6800 (R2), 0.6820 (R3)
- **Key supports:** 0.6750 (S1), 0.6740 (S2), 0.6720 (S3)
- **Expected range for the day:** 0.6730- 0.6800

Indicative AUDMYR 2.8320



Source: Bloomberg

- AUDMYR opened 0.11% higher at 2.8309 today. **Daily outlook bullish.**
- **Weekly outlook neutral and monthly outlook bearish.**
- **We are bullish on AUDMYR, expecting the AUD component to continue firming up in the cross. In the medium** term, we maintain a bearish outlook on AUDMYR over the possibility of further RBA easing, prolonged US-China trade tension and a weakening Chinese economy that could pose downside risk to AUD.
- **Key resistances:** 2.8360 (R1), 2.8400 (R2), 2.8450 (R3)
- **Key supports:** 2.8250 (S1), 2.8200 (S2), 2.8155 (S3)
- **Expected range for the day:** 2.8300-2.8400

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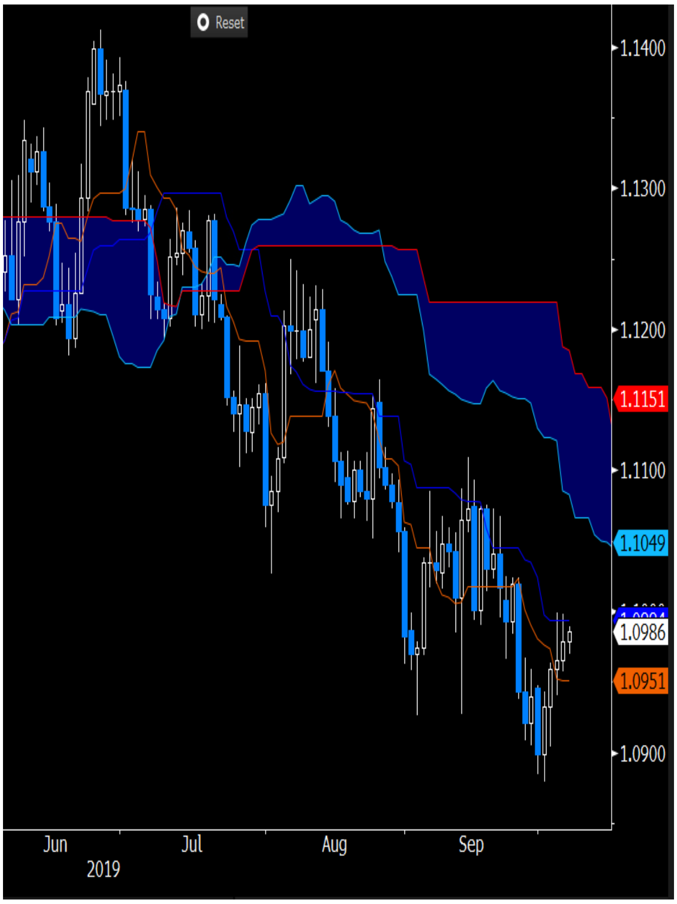
Indicative EURUSD 1.0986



Source: Bloomberg

- EURUSD opened unchanged at 1.0979 today. **Daily outlook bullish.**

- **Weekly outlook neutral to slightly bullish and monthly outlook bearish.**

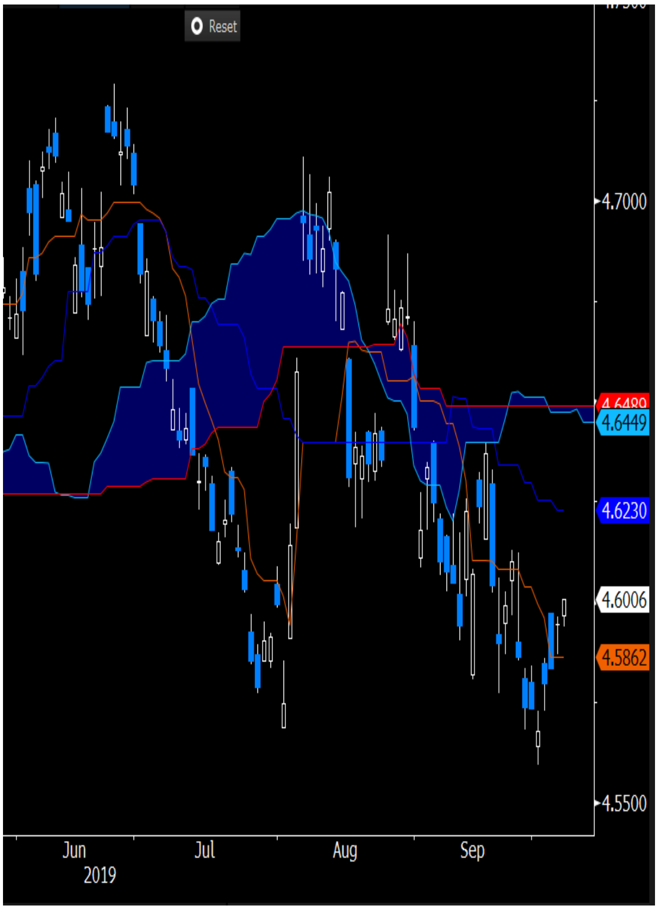
- **The short-term outlook is bullish,** expecting EUR to continue testing 1.10 handle while markets weigh data and anticipating this week's US-China trade talk. Key data today is the Eurozone Sentix Investor Confidence Index and is unlikely to be a major market driver unless the index plunged to an unexpectedly low level. The single currency's medium-term outlook remains tied to the ongoing worries over the Eurozone's dismal economic state, and is expected to weaken as the ECB restarts its APP program in November.

- **Key resistances:** 1.0990 (R1), 1.1000 (R2), 1.1020 (R3)

- **Key supports:** 1.0970 (S1), 1.0960 (S2), 1.0950 (S3)

- **Expected range for the day:** 1.0950-1.1000

Indicative EURMYR 4.6006



Source: Bloomberg

- EURMYR opened slightly higher at 4.5966 today. **Daily outlook bullish.**

- **Weekly outlook neutral to slightly bullish and monthly outlook bearish.**

- **We are bullish on the pair over stronger EUR component as EUR looks set to firm up still against the USD.** We remain bearish on the pair in the medium term as EUR is expected to weaken across the board once the ECB restarts its APP program in November.

- **Key resistances:** 4.6100 (R1) 4.6200 (R1), 4.6300 (R3)

- **Key supports:** 4.5900 (S1), 4.5800 (S2), 4.5700 (S3)

- **Expected range for the day:** 4.5900– 4.6200

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