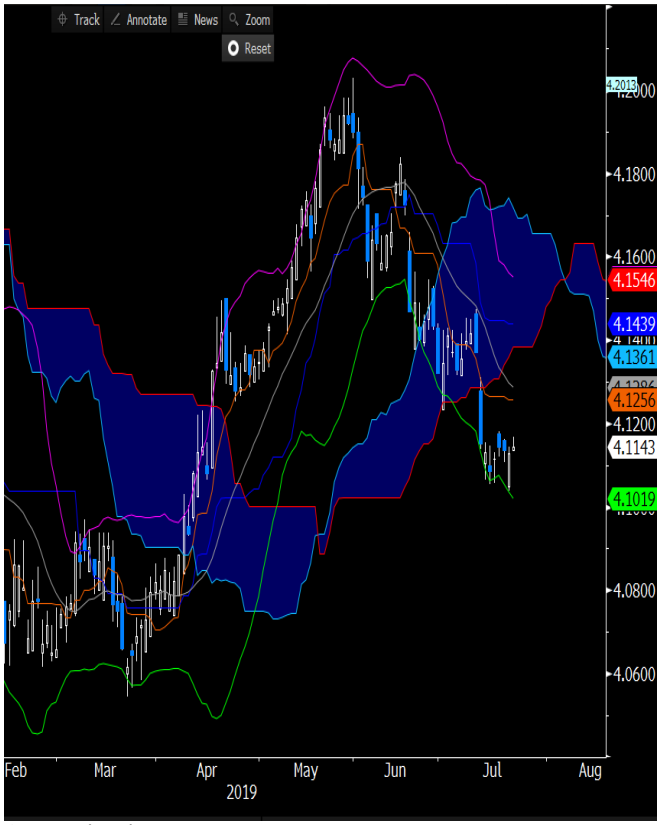
HongLeong Bank

Global Markets Research

FX Strategy

Daily Currency Outlook – 11am edition

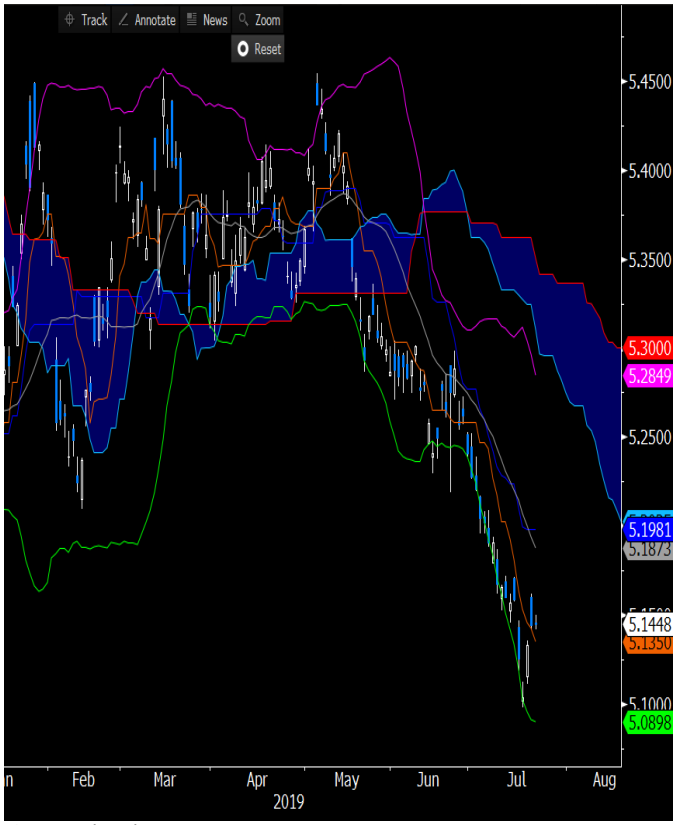
Indicative USDMYR 4.1143



Source: Bloomberg

- USDMYR opened marginally higher at 4.1135. **Daily outlook bullish.**
- **Weekly outlook and monthly outlook bearish**.
- **We are bullish on USDMYR today** as the broad-based USD strength on Friday is expected to carry through to today's session after markets lower expectations of more aggressive adjustment in the Fed funds rate**. In the medium term, we remain bearish on USDMYR** in anticipation of the upcoming 25bps insurance rate cut by the Fed as we head towards FOMC meeting next week.
- **Key resistances:** 4.1150 (R1), 4.1175 (R2), 4.1200 (R3)
- **Key supports:** 4.1100 (S1), 4.1050 (S2), 4.1025 (S3)
- **Expected range for the day:** 4.1100- 4.1175

Indicative GBPMYR 5.1448

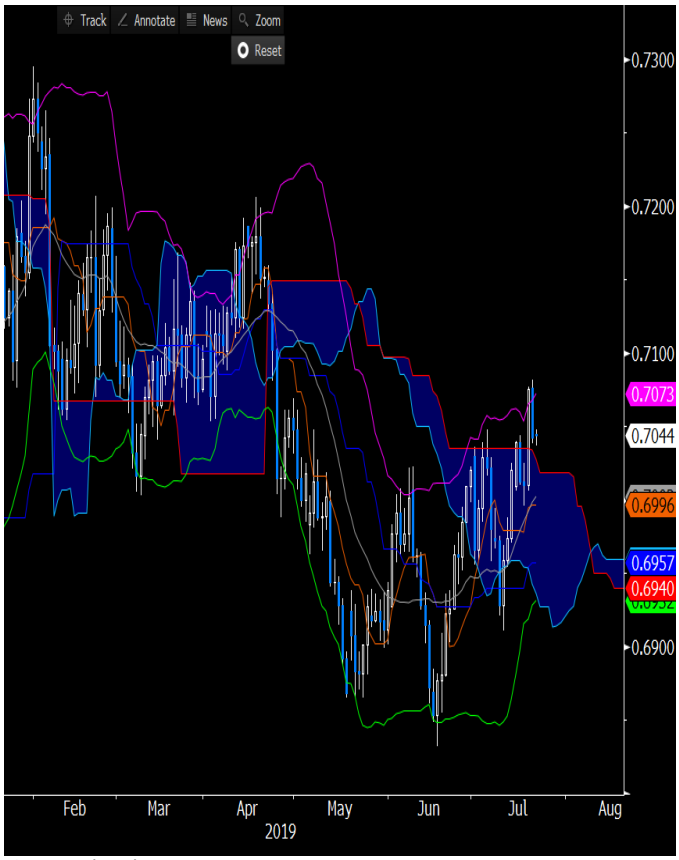


Source: Bloomberg

- GBPMYR opened marginally higher at 5.1457 today. **Daily outlook bullish.**
- **Weekly outlook neutral and monthly outlook bearish**.
- **We are bullish on GBP today as** positive headlines emerged over the weekend raises hope of a softer Brexit, favouring the sterling and also in large part to weaker MYR component today**. In** the medium term, we remain bearish on the sterling as we still do not rule out the potentials of a no-deal Brexit.
- **Key resistances**: 5.1610 (R1), 5.1750 (R2), 5.1850 (R3)
- **Key supports**: 5.1400 (S1), 5.1350 (S2), 5.1245 (S3)
- **Expected range for the day:** 5.1400 – 5.1750

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

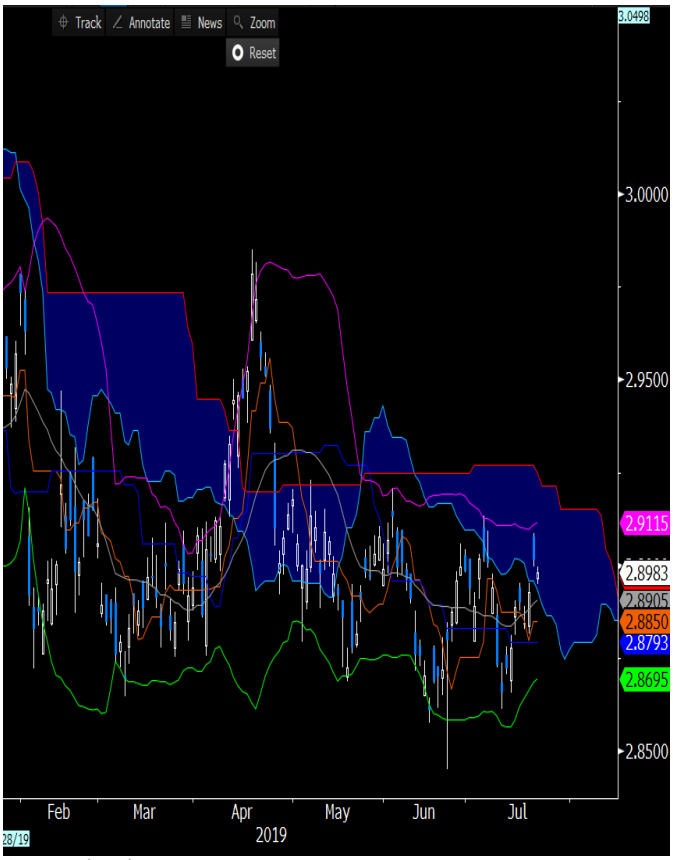
Indicative AUDUSD 0.7044



Source: Bloomberg

- AUDUSD opened minimally higher at 0.7045 today. **Daily outlook bearish.**
- **Weekly outlook and monthly outlook slightly bullish.**
- **We are bearish on AUDUSD today, driven by the extended USD strength from Friday.** In the medium term, we remain bullish on AUD as the Fed cuts rate and the RBA stays pat. Any potential US-China trade resolutions would also favour the Aussie dollar.
- **Key resistances:** 0.7050 (R1), 0.7073 (R2), 0.7100 (R3)
- **Key supports:** 0.7030 (S1), 0.70005 (S2), 0.6996 (S3)
- **Expected range for the day:** 0.7030-0.7070

Indicative AUDMYR 2.8983

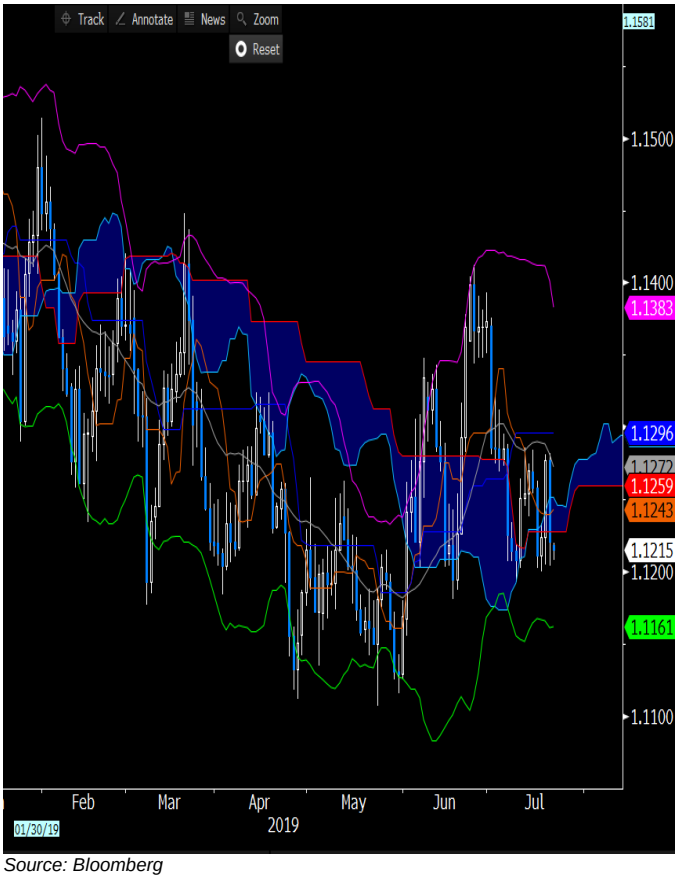


Source: Bloomberg

- AUDMYR opened 0.19% lower at 2.8964 today. **Daily outlook neutral.**
- **Weekly outlook neutral and monthly outlook slightly bullish.**
- **We are neutral on the pair** today as both components are expected to bear the burden of Friday's USD strength. In the medium term, we stick to the view that the pair would take cues from AUD due to its sensitivity to US-China trade talk developments.
- **Key resistances:** 2.9015 (R1), 2.9088 (R2), 2.9115 (R3)
- **Key supports:** 2.8940 (S1), 2.8900 (S2), 2.8850 (S3)
- **Expected range for the day:** 2.8940- 2.9015

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

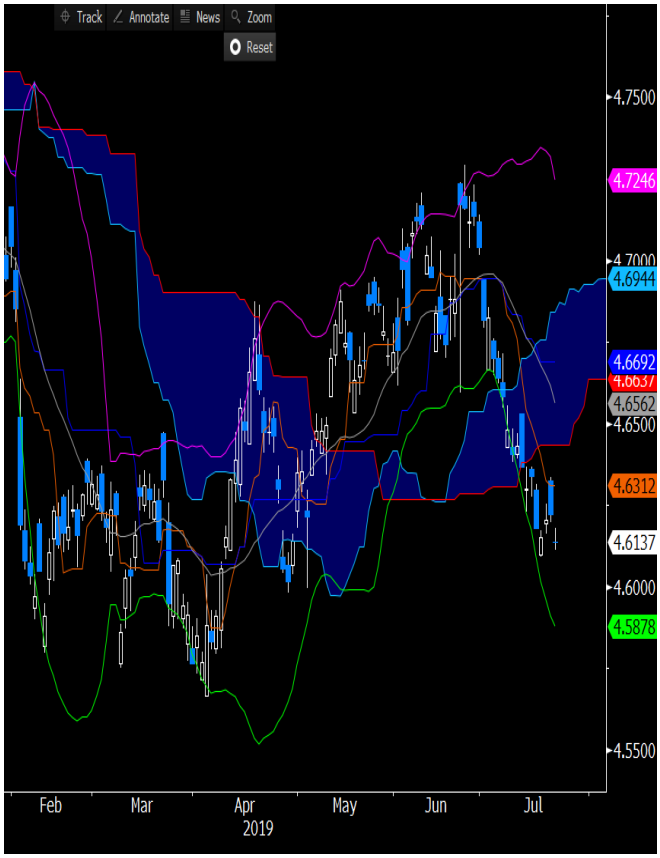
Indicative EURUSD 1.1215



Source: Bloomberg

- EURUSD opened unchanged at 1.1277 today. **Daily outlook neutral.**
- **Weekly outlook bearish and monthly outlook neutral.**
- **We are neutral on EUR today as the pair stabilized in the** absence of any key events or headlines. EUR weakened on Friday as markets discounted a 50bps cut in Fed fund rates and saw increasing chances that the ECB would cut its key deposit rate by 10bps further into negative territory this week. While the ECB is expected to revise its forward guidance and turn more dovish, we think that the outlook for ECB policy is uncertain and will pay close attention to this Thursday's ECB meeting for guidance in medium term direction.
- **Key resistances:** 1.1240 (R1), 1.1295 (R2), 1.1300 (R3)
- **Key supports:** 1.1210 (S1), 1.1200 (S2), 1.1185 (S3)
- **Expected range for the day:** 1.1200 – 1.1240

Indicative EURMYR 4.6137



Source: Bloomberg

- EURMYR opened 0.09% higher at 4.6195 today. **Daily outlook bullish.**
- **Weekly and monthly outlook bearish**.
- **We are bullish on the pair** today mainly on weaker MYR component. In the medium term, we are bearish on the pair as the ECB is likely to revise its forward guidance and turn more dovish. We also look towards US-China trade talks for more directional cues.
- **Key resistances:** 4.6215 (R1) 4.6312 (R1), 4.6385 (R3)
- **Key supports:** 4.6090 (S1), 4.6045 (S2), 4.6000 (S3)
- **Expected range for the day:** 4.6060 – 4.6300

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

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

DISCLAIMER

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter. HLBB may, to the extent permitted by law, buy, sell or hold significantly long or short positions; act as investment and/or commercial bankers; be represented on the board of the issuers; and/or engage in 'market making' of securities mentioned herein. The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.