

1 July 2020

Global Markets Research
Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to slightly bearish

USDMYR opened 0.11% lower at 4.2815. We are still neutral to slightly bullish on USDMYR today as investors are likely to adopt a wait-and-see approach to assess the current Covid-19 situation in major countries. This week's slew of economic data especially PMI and US job report would serve as market driver with the FOMC meeting minute in the pipeline. Downside risk to MYR remains potential second waves in key economies, US-China tension, downbeat commodity market, on top of rating downgrade concerns.

1-Month Outlook – MYR Neutral

We are turning neutral on medium term USDMYR outlook, expecting intermittent USD strength as markets would likely stay cautious and risk averse amid lingering concern over a second wave of virus outbreak. That said, there is no change to our long held view of a slightly weaker USD throughout 2020. Potential re-escalation of US-China strained ties may give rise to stronger USD and thus pose a downside risk to the local unit.

	S2	S1	Indicative	R1	R2
USD/MYR	4.2728	4.2755	4.2810	4.2861	4.2899

MYR Crosses

EUR/MYR



EUR/MYR neutral

EURMYR opened 0.25% higher at 4.8149 and is struggling to find a decisive direction amid cautious sentiment. Daily outlook is neutral as markets continued to weigh range-bound dollar and anticipate today's PMI data for the US as well as Eurozone. Development of Covid-19 outbreak remains a key driver.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.7916	4.7942	4.8110	4.8170	4.8203

GBP/MYR



GBP/MYR neutral

GBPMYR opened 1% higher at 5.3098, catching up with the gain in previous session after PM Boris Johnson pledged more stimulus. The boost is unsustainable, GBP is still bearish, held down by weaker fundamentals, Brexit talks, and pandemic concerns. No progress had been announced in the current talks; the EU chief negotiator Michael Barnier had rejected the UK post-Brexit banking proposal.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.2724	5.2751	5.3007	5.3088	5.3107

AUD/MYR



AUD/MYR neutral

AUDMYR opened 0.84% higher at 2.9575 but is trading on a flat note despite positive Caixin PMI. Daily outlook is neutral, markets are weighing China's imposition of security law in Hong Kong as well as the new lockdown of Melbourne following the surge of Covid-19 cases. Momentum is still weakening for AUD as positive signs fade. Further consolidation is expected.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9361	2.9393	2.9571	2.9610	2.9639

Source: Bloomberg, HLBB Global Markets Research

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