

2 June 2020

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Slightly Bullish

USDMYR opened slightly lower (-0.1%) at 4.3115 after weakening substantially (-0.7%) in the previous session. As of writing, the pair continued to move down further on the back of broad-based dollar weakness. Despite ongoing weakness in the USD, the uncertainty surrounding US-China tension still poses a downside risk to MYR in our view which tends to underperform alongside its emerging market peers for fear of a potential US-China fallout. This might led to a recovery in USD if risk appetites broadly retreated.

1-Month Outlook – MYR Bullish

We turned bearish on medium term USDMYR outlook as a current risk-on mood is supportive of a weaker USD and mainly because commodity-related currencies are likely to fare better compared to more pessimistic view a month ago. This is in line with a long held view of a slightly weaker USD throughout 2020, even as there may be some near-term USD strength. Having said that, growing US-China hostility may give rise to stronger USD and thus pose a downside risk to the local unit.

	S2	S1	Indicative	R1	R2
USD/MYR	4.2858	4.2890	4.2915	4.3010	4.3054

MYR Crosses

EUR/MYR



EUR/MYR Bearish

EURMYR opened little changed at 4.8034 but extended its decline thereafter thanks to stronger MYR, against a background of weak dollar. The strength in MYR might not last in our view, same goes to the EUR. The improving global economic outlook is beneficial for the EUR but we are somewhat sceptical on further rallies but momentum is robust for now. The ECB meeting on Thursday is a key driver for EUR this week.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.7515	4.7550	4.7746	4.7788	4.7810

GBP/MYR



GBP/MYR Bullish

GBPMYR jumped 0.76% to 5.3913 as market opened and is still gathering momentum for now. This was supported by stronger UK PMI and overall USD weakness. In the short term we still see some near-term potential for GBP to catch up after prior underperformance. Still, we remain comparatively pessimistic regarding GBP on Covid-19 and Brexit related issues.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.3236	5.3270	5.3585	5.3625	5.3658

AUD/MYR



AUD/MYR Bullish

AUDMYR surged 0.85% to 2.9299 at today's opening and is seen hovering around 2.9100, benefiting from risk-on move ahead of the RBA policy statement. Both AUD and MYR stand to weaken if US-China tension escalates. AUD continues to stay at elevated level, supporting the case for a correction from stretched level. Upside to the pair is the continuous recovery in the commodity market.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.8862	2.8890	2.9107	2.9158	2.9192

Source: Bloomberg, HLBB Global Markets Research

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