February 3, 2020

Global Markets Research

FX Strategy

Daily Currency Outlook – 11am edition

Indicative USDMYR 4.1042

Source: Bloomberg

- USDMYR opened little changed at 4.0965 today. **Daily outlook bullish.**
- **Weekly and monthly outlook bullish.**
- **USDMYR outlook remains bullish for now** in the short term when risk-off sentiments intensify this week as media reported more virus cases and deathtolls. Bulls are eyeing 4.1000 resistance and the pair is looking to test 4.1000 - 4.1100 ahead of key US data such as ISM indexes, construction spending and job report this week. USDMYR medium term is bullish, supported by relatively solid US data and a market that is turning risk-off.
- **Key resistances:** 4.1100 (S1), 4.1200 (S2), 4.1300 (S3)
- **Key supports:** 4.0950 (R1), 4.0900 (R2), 4.0800 (R3)
- **Expected range for the day:** 4.0965- 4.1100

Indicative GBPMYR 5.4080

Source: Bloomberg

- GBPMYR opened 0.42% higher at 5.4016 today. **Daily outlook bullish.**
- **Weekly outlook and monthly outlook neutral.**
- **GBPMYR outlook is bullish today on higher opening** as the sterling enjoys a relief Brexit rally that was also partly supported by the BOE's recent hawkish stance, in addition to lingering MYR weakness in a risk-off environment. **Medium term outlook is neutral** taking into account Britain's withdrawal transition and likelihood that the BOE will hold rate for the rest of the year.
- **Key resistances**: 5.4260 (R1), 5.4535 (R2), 5.4800 (R3)
- **Key supports**: 5.3793 (S1), 5.3457 (S2), 5.3200 (S3)
- **Expected range for the day:** 5.3980- 5.4200

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

Indicative AUDUSD 0.6702

Source: Bloomberg

- AUDUSD opened little changed at 0.6688 today. **Daily outlook neutral.**
- **Weekly and monthly outlook bearish.**
- **AUDUSD is rebounding back above 0.6700** amidst an oversold condition following a sell-off last week, but gain is likely capped by investors' wariness ahead of tomorrow's RBA rate decision. The pair barely reacted to China Caixin Manufacturing PMI that turned out slightly better than expected but was a pull-back from December's reading. **We look towards the RBA's statement to gauge the pair's medium term outlook.**
- **Key resistances:** 0.6720 (R1), 0.6735 (R2), 0.6750 (R3)
- **Key supports:** 0.6680 (S1), 0.6670 (S2), 0.6650 (S3)
- **Expected range for the day:** 0.6680 - 0.6710

Indicative AUDMYR 2.7508

Source: Bloomberg

- AUDMYR opened little changed at 2.7426 today. **Daily outlook slightly bullish.**
- **Weekly outlook neutral and monthly outlook bearish.**
- **AUDMYR is slightly bullish today** thanks to weaker MYR while AUD is hovering near recent ranges ahead of tomorrow's RBA rate decision. **We look towards the RBA's policy statement next week to gauge the pair's medium term outlook.**
- **Key resistances:** 2.7500 (R1), 2.7530 (R2), 2.7650 (R3)
- **Key supports:** 2.7400 (S1), 2.7350 (S2), 2.7300 (S3)
- **Expected range for the day:** 2.7460– 2.7530

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

Indicative EURUSD 1.1083

Source: Bloomberg

- EURUSD opened little changed at 1.1084 today. **Daily outlook bullish.**

- **Weekly outlook bearish and monthly outlook bearish.**

- **Daily outlook is bullish** as the pair likely tests 1.1100 handle today but potential gains are likely to be capped by market's anticipation of tonight's ISM manufacturing index of which a poorer reading would send EURUSD higher above 1.1100 to a range of 1.1120-1.1140. **Medium term outlook for EUR is still bearish** on weaker growth outlook as confirmed by latest 4Q GDP growth, versus a stronger USD that was supported by more solid fundamentals.

- **Key resistances:** 1.1100 (R1), 1.1116 (R2), 1.1130 (R3)

- **Key supports:** 1.1070 (S1), 1.1050 (S2), 1.1030 (S3)

- **Expected range for the day:** 1.1068- 1.1100

Indicative EURMYR 4.5484

Source: Bloomberg

- EURMYR opened 0.56% higher at 4.5443 today. **Daily outlook bullish.**

- **Weekly outlook neutral and monthly outlook bearish.**

  EURMYR cross is bullish today on higher opening and thanks to a weaker MYR in a risk-averse environment. **Medium term outlook is still bearish** on weaker Eurozone growth outlook versus a stronger USD that was supported by more solid fundamentals

- **Key resistances:** 4.5570 (R1), 4.5656 (R2) 4.5750 (R3)

- **Key supports:** 4.5350 (S1), 4.5200 (S2), 4.5050 (S3)

- **Expected range for the day:** 4.5415- 4.5580

** 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