

4 June 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 slightly lower at 4.2575 but recovered to 4.2735 as of writing. While USD remains pressured by the buoyant market sentiment, we continue to believe that the uncertainty surrounding US-China tension still poses a downside risk to MYR 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 retreat.

#### 1-Month Outlook – MYR Bullish

We are 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 | 4.2695 | 4.2713 | 4.2735     | 4.2855 | 4.2886 |

## MYR Crosses

### EUR/MYR



#### EUR/MYR Neutral to slightly bullish

EURMYR opened slightly higher at 4.7885 and pressed on with gains as of writing following strong EUR overnight while MYR appears to have retreated. Do not foresee the pair to go beyond 4.80 ahead of today's ECB monetary policy decision and new forecast.

|         | S2     | S1     | Indicative | R1     | R2     |
|---------|--------|--------|------------|--------|--------|
| EUR/MYR | 4.7675 | 4.7701 | 4.7930     | 4.7970 | 4.7802 |

### GBP/MYR



#### GBP/MYR Neutral

GBPMYR opened slightly lower at 5.3590 with not much movement as market consolidates. The lack of progress in this week's Brexit talks remain a key driver for GBP. We remain comparatively pessimistic regarding GBP on Covid-19 and Brexit related issues.

|         | S2     | S1     | Indicative | R1     | R2     |
|---------|--------|--------|------------|--------|--------|
| GBP/MYR | 5.3218 | 5.3243 | 5.3579     | 5.3648 | 5.3694 |

### AUD/MYR



#### AUD/MYR Neutral to slightly bearish

AUDMYR opened 0.44% higher at 2.9527 and was indecisive amid rising US-China tension and still optimistic market sentiment. Australian data were mixed. Tracking recovering commodity market, AUD continues to stay at elevated level, supporting the case for a correction from stretched level. Both AUD and MYR stand to weaken if US-China tension escalates.

|         | S2     | S1     | Indicative | R1     | R2     |
|---------|--------|--------|------------|--------|--------|
| AUD/MYR | 2.9178 | 2.9200 | 2.9475     | 2.9518 | 2.9576 |

Source: Bloomberg, HLBB Global Markets Research

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