

5 June 2020

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USDMYR opened little changed at 4.2795. The pair retreated from intraday high and is seen below 4.2700, matching our neutral expectation. USD remains pressured for now thanks to the EUR's post-ECB rally but concerns over rising US-China tensions began to take more solid form. MYR market is likely to be cautious given that the prime minister's Economy Recovery Plan announcement is in the pipeline today (scheduled at 3pm). US-China fallout risks has been undermining recent MYR's recovery, nonetheless the local unit stands to receive a boost (at least in the short-term) from government stimulus and the potential lifting of the current CMCO.

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	4.2617	4.2648	4.2660	4.2730	4.2762

MYR Crosses

EUR/MYR

EUR/MYR Neutral to slightly bullish



EURMYR jumped 1.2% to 4.8519 when market opened this morning in response to overnight's EUR strength after the ECB raised stimulus. The pair has since then stabilized and hovering around recent levels. This shall set the tone for the rest of the day in anticipation of PM's address and ahead of a long weekend.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.8050	4.8089	4.8371	4.8398	4.8415

GBP/MYR

GBP/MYR Neutral to slightly bullish



GBPMYR opened 0.85% higher at 5.3957 riding on GBP strength overnight. Pair had pulled back from intraday high and is seen consolidating. 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	5.3315	5.3739	5.3760	5.3792

AUD/MYR

AUD/MYR Neutral to slightly bullish



AUDMYR opened 0.72% higher at 2.9701 as AUD continued to benefit from weaker dollar and recovering crude oil prices. 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	2.9324	2.9360	2.9659	2.9685	2.9712

Source: Bloomberg, HLBB Global Markets Research

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