

11 March 2020

## Global Markets Research

### Currency Outlook

#### USD/MYR



Source: Bloomberg, HLBB Global Markets Research

#### Intraday Thoughts – MYR Neutral

USDMYR continued to advance by 0.51% DOD to close Tuesday's session at 4.2385. The pair briefly hit 4.2500 this morning before being sent down to around 4.2470. Consolidation is in sight soon, expecting the pair to retreat back to 4.2250-4.2400 in the short term on the back of recovering risk sentiment. Markets are likely to take a wait-and-see approach to the development in the oil markets after Russia said that it's open to negotiation.

#### 1-Month Outlook – MYR Bearish

No change to our medium term bullish outlook, as EM currencies are still vulnerable amid growing risk aversion not to mention the renewed volatilities of oil prices. That said, downside risk to the pair remains as the Fed's emergency rate cut last week is paving way for a further 25bps cut next week. Fed funds futures show that markets are pricing in at least a 25bps cut.

	S2	S1	Indicative	R1	R2
USD/MYR	4.2000	4.2200	4.2470	4.2500	4.2600

## MYR Crosses

### EUR/MYR



### EUR/MYR Neutral

EUR/MYR looks neutral and is in consolidative mode today following the major reversal in EUR/USD overnight amid broad-based USD recovery. Markets now look towards tomorrow's ECB policy announcement. The magnitude of its easing program would be a key market driver - a disappointment by the ECB (less easier policy/less dovish statement) could potentially boost EUR further in our view.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.7462	4.7800	4.8087	4.8327	4.8500

### GBP/MYR



### GBP/MYR Bearish

GBP/MYR is bearish after the sterling weakened against the USD overnight and confirm our earlier view that the pair is nearing consolidation. No change to our view that the BOE would cut rate later this month to combat Covid-19 fallout. This is in line with markets' view - OIS is pointing to roughly 99% chance of a 25bps cut in BOE's bank rate on 26 Mar, posing downside risk to the sterling in the coming weeks.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4350	5.4612	5.4814	5.5014	5.5400

### AUD/MYR



### AUD/MYR Bearish

AUD/MYR is still bearish on continuous Aussie weakness while we expect some near-term consolidation in MYR. We maintain view that the RBA would cut rate as soon as April despite just having reduced cash rate by 25bps this month. This view is however subject to change based on the yet-to-be released stimulus package to combat Covid-19 fallout.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.7300	2.7425	2.7601	2.7703	2.7880

Source: Bloomberg, HLBB Global Markets Research

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