11 June 2020

Global Markets Research

Mid-day Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Bullish

USDMYR finished 0.6% lower at 4.2510 on Wednesday, and opened little changed at 4.2530 today. Daily USDMYR outlook is bearish in our view as the USD remains pressured on a broader level after the Fed signalled no change to its low rates in the years to come; meanwhile the reopening of more economic sectors locally alongside brighter commodity outlook is likely to support MYR in the short term. Having said that, uncertainty about US-China tension continues to be a downside risk to MYR.

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	4.2388	4.2410	4.2430	4.2538	4.2562

MYR Crosses

EUR/MYR

EUR/MYR neutral to slightly bullish

EURMYR opened little changed at 4.8326 and pulled back from intraday high to below 4.8300 due to stronger MYR. We are still neutral to slightly bullish on EUR for the week as Fed's accommodation sent dollar weaker, although EUR saw only modest gains post-FOMC. Momentum is strong but consolidation is likely at some stage. This week's data (GDP revision, industrial production, CPI) should not derail EUR momentum.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.8102	4.8130	4.8327	4.8362	4.8391

GBP/MYR

GBP/MYR neutral to slightly bearish

GBPMYR opened 0.43% lower at 5.4042 and is likely to consolidate its recent gains. Despite Fed driven dollar weakness, GBP and EUR did not offer any impressive gains. The lack of progress in Brexit talks remain a key driver for GBP. There are also less reasons to be optimistic on the GBP than the EUR, given Brexit uncertainty, high Covid-19 death tolls and weakening fundamentals.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.3765	5.3798	5.4051	5.4088	5.4115

AUD/MYR

AUD/MYR neutral to slightly bearish

AUDMYR opened 0.45% lower at 2.9622. AUD continued to benefit from weaker dollar and brighter commodity outlook. AUD continues to stay elevated, suggesting there is still room for further consolidation from a stretched level. Both AUD and MYR stand to weaken if US-China tension escalates.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9317	2.9352	2.9595	2.9622	2.9675

Source: Bloomberg, HLBB Global Markets Research

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