

12 March 2020

Global Markets Research

Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Bearish

USDMYR has breached 4.25 as of writing, defying our expectations of a further consolidation. This came after stronger USD overnight resulted in a higher opening. Sentiment has turned even more downbeat this morning as President Trump announced a 30-day travelling ban for Europe without providing any solid plans on a stimulus. We turn slightly bullish on the pair today as it has broken above key resistance of 4.25 amid deepening risk aversion.

1-Month Outlook – MYR Bearish

Pair's medium term outlook remains bullish on the back of oil prices volatilities and growing risk aversion that is exposing EM currencies to higher downside risk. We also see limited downside to USD as markets have fully priced in at least another 25 basis points cut in the Fed funds rate next week.

	S2	S1	Indicative	R1	R2
USD/MYR	4.2200	4.2400	4.2530	4.2600	4.2700

MYR Crosses

EUR/MYR

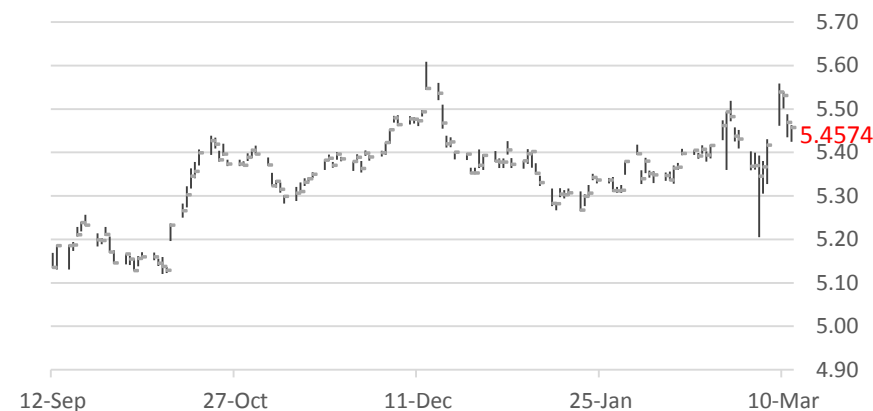


EUR/MYR Bullish

EUR/MYR was off earlier low and shot higher as EUR turned bullish in response to Trump's disappointing stimulus announcement. Pair has opened much lower at 4.7662 but was boosted by a jump of EUR/USD back above 1.13. Focus shifts towards today's ECB policy decision. Christine Lagarde's recent warning set the stage for a potentially huge ECB easing. Markets and economists were divided on a potential cut in the already negative deposit rate but we judge that a further reduction could be helpful to support downbeat sentiment.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.7462	4.7800	4.8163	4.8327	4.8500

GBP/MYR



GBP/MYR Neutral

GBP/MYR is neutral to slightly bearish after a sharp >1% DOD drop on Tuesday following the BOE's emergency rate cut. Pair rebounded from earlier low as MYR turned weaker amid retreating risk sentiment. We think that yesterday's cut was a one-off move to support sentiment and to complement the government's enormous stimulus package, meaning that it could hold rate in its next scheduled meeting two weeks from now.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4000	5.4250	5.4574	5.5014	5.5400

AUD/MYR



AUD/MYR Neutral

Pair is neutral in view of concurrent weakness in both AUD and MYR on the back of downbeat sentiment. AUD had failed to benefit from PM Morrison's A\$17.6b virus fighting spending package. In fact Australian stocks dipped 6.2% as of writing. We thus maintain view that the RBA would cut rate as soon as April despite just having reduced cash rate by 25bps this month.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.7225	2.7294	2.7494	2.7660	2.7880

Source: Bloomberg, HLBB Global Markets Research

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