

12 May 2020

Global Markets Research
Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Bearish

USDMYR opened little changed at 4.3363 today and at one point surged by 185 pips to 4.3550 but is now seen pulling back to 4.3415 as of writing. USDMYR outlook is bullish today following the overnight strength in the greenback with investors being watchful over the reopening of some parts of the global economy and the potential re-emergence of US-China trade tension. On the local front, the conditional MCO has also been extended to 9 June and the MYR market is anticipating the release of 1Q GDP tomorrow. Our house view is calling for a small positive growth of 1.2% YOY.

1-Month Outlook – MYR Bearish

Medium term outlook remained bullish as we may see the USD rebound a little further up to the level 100 for DXY as markets may favour optimism in the USD from a reopened US economy even as data are poor and US cases continue to climb.

| | S2 | S1 | Indicative | R1 | R2 |
|---------|--------|--------|------------|--------|--------|
| USD/MYR | 4.3250 | 4.3280 | 4.3415 | 4.3490 | 4.3525 |

MYR Crosses

EUR/MYR



EUR/MYR Neutral

EURMYR opened 0.3% lower at 4.6848 today and briefly climb higher to hit 4.70. Daily outlook for the pair is neutral on the back of renewed dollar strength. We still see little risks of EUR/USD breaking the 1.08-1.10 range at the moment, indirectly limiting the movement in EUR/MYR cross given little impetus.

| | S2 | S1 | Indicative | R1 | R2 |
|---------|--------|--------|------------|--------|--------|
| EUR/MYR | 4.6685 | 4.6720 | 4.6910 | 4.7055 | 4.7125 |

GBP/MYR



GBP/MYR Neutral

GBPMYR opened 0.51% lower at 5.3445 today. Daily outlook is neutral as GBP is now on a downward trend while MYR turned weaker amid a stronger dollar. Fundamentals are pointing to weaker GBP trajectory with mounting death tolls and a recession in the making.

| | S2 | S1 | Indicative | R1 | R2 |
|---------|--------|--------|------------|--------|--------|
| GBP/MYR | 5.3240 | 5.3270 | 5.3496 | 5.3565 | 5.3700 |

AUD/MYR



AUD/MYR Bearish

AUDMYR opened 0.51% lower at 2.8104 today. Daily outlook is bearish as AUD continues to correct from its recent high. AUD/USD may correct further from its recent stretched level, partly from depressed commodity markets; this shall translate into a lower AUD/MYR in the short term.

| | S2 | S1 | Indicative | R1 | R2 |
|---------|--------|--------|------------|--------|--------|
| AUD/MYR | 2.7810 | 2.7840 | 2.8033 | 2.8090 | 2.8150 |

Source: Bloomberg, HLBB Global Markets Research

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my**DISCLAIMER**

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter. HLBB may, to the extent permitted by law, buy, sell or hold significantly long or short positions; act as investment and/or commercial bankers; be represented on the board of the issuers; and/or engage in 'market making' of securities mentioned herein. The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.