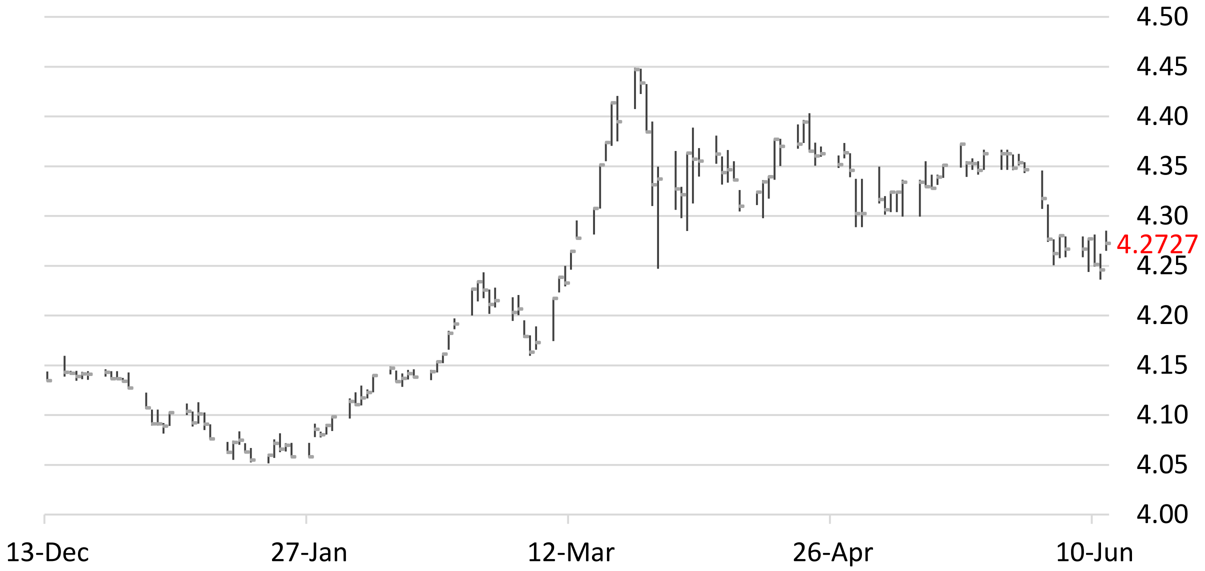
12 June 2020

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Bearish

USDMYR opened 0.54% higher at 4.2690 as the pair caught up with overnight USD strength. The pair's daily outlook is bullish today, reacting to the renewed momentum in the greenback and a general retreat in risk sentiment. Investors are reassessing markets at this turning point and is likely to sell MYR ahead of the weekend. In the short-to-medium term, uncertainty about US-China tension continues to linger and pose as a downside risk to MYR.

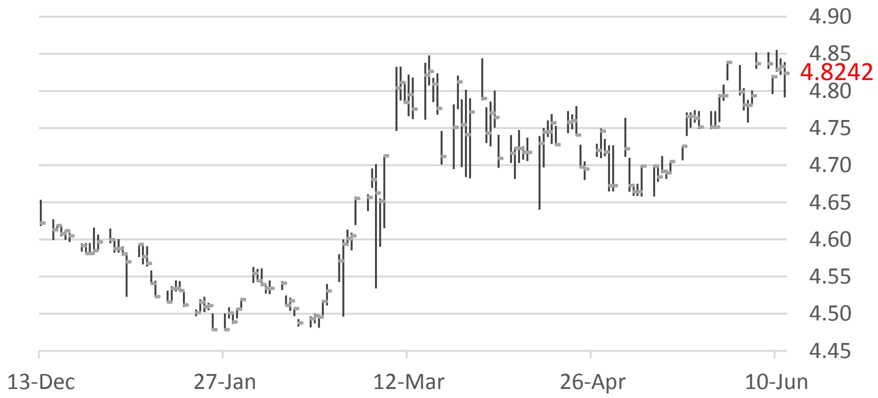
1-Month Outlook – MYR Bullish

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, barring the case of a second wave. 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	4.2658	4.2700	4.2727	4.2777	4.2802

MYR Crosses

EUR/MYR

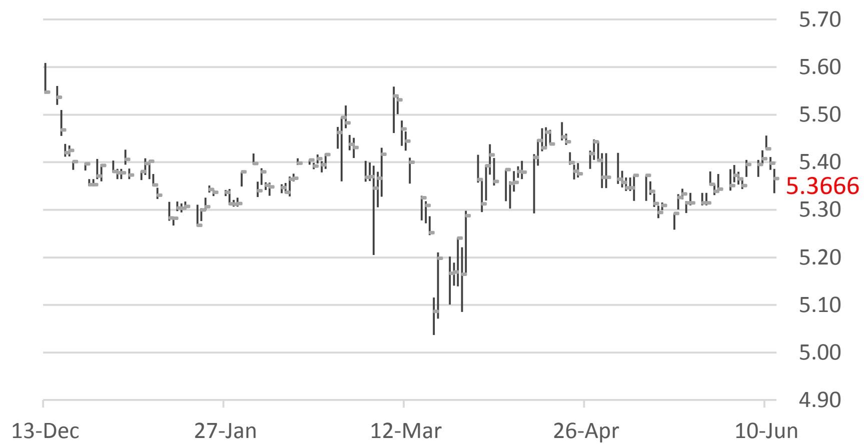


EUR/MYR neutral to slightly bearish

EURMYR opened 0.83% lower at 4.7929, catching up with the weaker EUR overnight. Expect the pair to weaken slightly throughout today's session as the turnaround in USD is pressuring the EUR and other majors. A consolidation at 4.81-4.82 is likely at the end of the day ahead of the weekend. Today's industrial production and CPI are unlikely to drive market.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.7916	4.7940	4.8242	4.8282	4.8305

GBP/MYR

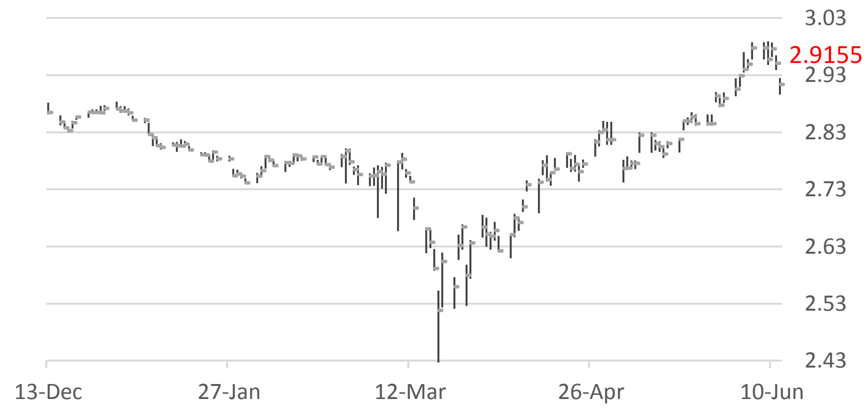


GBP/MYR bearish

GBPMYR opened 1.09% lower at 5.3382 today after the sterling weakened more than 1% overnight. Despite Fed driven dollar weakness, Momentum is bearish, in line with our prior pessimism surrounding the GBP amid lack of progress in Brexit talks, high Covid-19 death tolls and weakening fundamentals. Today's release of industrial production and monthly GDP could serve as potential driver. The risk is skewed towards the downside.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.3586	5.3608	5.3666	5.4053	5.4092

AUD/MYR



AUD/MYR bearish

AUDMYR opened 1.72% lower at 2.9001 after the Aussie dollar lost more than 2% overnight in concurrence with falling oil prices. The renewed USD strength accelerated AUD's correction from its recently stretched level, opening way for further weakness. Nonetheless, both AUD and MYR stand to weaken if US-China tension escalates and commodity prices erase recent gains.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9038	2.9075	2.9155	2.9620	2.9684

Source: Bloomberg, HLBB Global Markets Research

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