

15 June 2020

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Bearish

USDMYR opened 0.21% higher at 4.2725 on extended USD strength. The pair's daily outlook is bullish, riding on USD bullishness and a building-up in risk-off sentiment as new Covid-19 cases in the US and China rose. In the short-to-medium term, uncertainty about US-China tension continues to linger and pose as a downside risk to MYR. Potential of a second wave of virus outbreak particularly in the US and China could also dampen MYR outlook.

1-Month Outlook – MYR Neutral

We are turning neutral on medium term USDMYR outlook, expecting intermittent USD strength as markets would likely stay cautious and risk averse amid lingering concern over a second wave of virus outbreak. That said, there is no change to our long held view of a slightly weaker USD throughout 2020. Potential re-escalation of US-China strained ties may give rise to stronger USD and thus pose a downside risk to the local unit.

	S2	S1	Indicative	R1	R2
USD/MYR	4.2558	4.2622	4.2755	4.2772	4.2803

MYR Crosses

EUR/MYR



EUR/MYR bearish

EURMYR opened 0.62% lower at 4.7971, as the EUR continued to pull back from recent highs to 1.12-1.13 currently. Expect slight bearish bias in EURMYR as sustained USD gain is pressuring the EUR and other majors. The pair's movement this week will likely be USD-driven, with the Fed Congressional Testimony and Covid-19 headlines being key watch.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.7862	4.7890	4.8110	4.8163	4.8198

GBP/MYR



GBP/MYR bearish

GBPMYR opened sharply lower for another day, by 0.98% at 5.3332 today on the back of further sterling weakness. Overall 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 as confirmed by GDP and industrial production data. We also see added pressure from latest USD rebound. Hence, the risk is skewed towards the downside.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.3011	5.3045	5.3496	5.3632	5.3695

AUD/MYR



AUD/MYR bearish

AUDMYR opened 1.01% lower at 2.9105 on the back of a catch-up in Aussie weakness after last Friday's consolidative gain. Sustained USD strength is expected to push Aussie down from its recently stretched level to 0.65-0.66. 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	2.9092	2.9125	2.9164	2.9465	2.9489

Source: Bloomberg, HLBB Global Markets Research

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