15 July 2020

Global Markets Research
Mid-day Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USDMYR opened 0.13% lower at 4.2655 as USD broadly weaken overnight. No change to current view of a neutral MYR ahead of key China and US data. Trump's latest move risks escalating US-China tension but we think that the effect on market was limited for now. We continue to see USDMYR moving on a neutral note, potentially swinging between minor gains and losses in response to volatile sentiment ahead of key China and US data. The pair should sit comfortably within 4.25- 4.29 in our view.

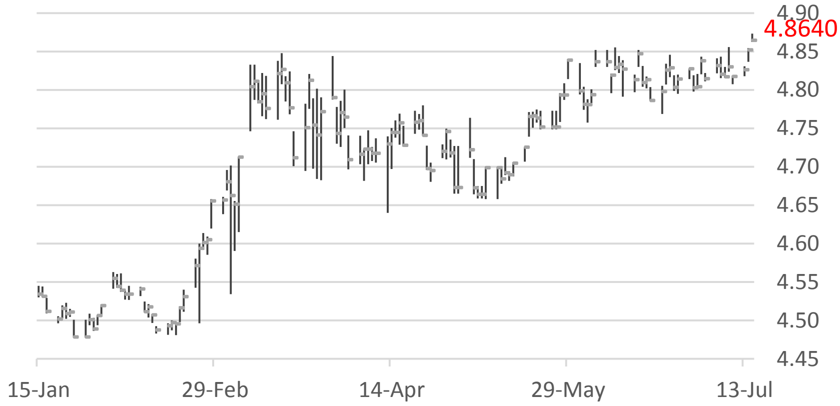
1-Month Outlook – MYR Neutral

No change to our neutral outlook on USDMYR, expecting intermittent USD strength as markets would likely stay cautious and risk averse amid on and off concern over the virus. 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. Dovish monetary policy outlook would also keep a lid on MYR advances although we believe USD movement will remain the major influence.

	S2	S1	Indicative	R1	R2
USD/MYR	4.2360	4.2500	4.2635	4.2731	4.2925

MYR Crosses

EUR/MYR



EUR/MYR Neutral

EURMYR opened 0.44% higher at 4.8734 as EUR continued to gather momentum alongside other majors amid dollar weakness. Pair has now broken 4.8500 but has eased from the top of 4.8734; we expect the pair to stabilise around 4.85-4.87 in anticipation of key US data and ECB meeting tomorrow.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.8211	4.8405	4.8640	4.8734	4.8768

GBP/MYR

GBP/MYR Neutral

GBPMYR opened 0.34% higher at 5.3682. Daily outlook is still neutral. GBP hasn't been benefitting from current dollar weakness. CPI data today is unlikely to move market, investors look forward to tomorrow's job data which should offer insights into the UK's state of economy. In the short-to-medium term, pair is still vulnerable to weaker fundamentals, pandemic concerns and the absence of any major Brexit breakthrough.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.3300	53526	5.3628	5.3644	5.3979

AUD/MYR

AUD/MYR Slightly bullish

AUDMYR opened 0.64% higher at 2.9844 as AUD strengthened amid more optimistic sentiment. Daily outlook is slightly bullish but gains are limited ahead of tomorrow's China GDP. China's better than expected trade numbers are shoring up optimism for a more positive GDP reading. We maintain view that 3.00 will be a great resistance to overcome. Some consolidation back to 2.85-2.90 is still possible in the short-to-medium term.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9560	2.9736	2.9854	2.9900	3.0000

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