

16 March 2020

Global Markets Research

Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Bearish

USDMYR advanced 2.5% WOW last week as higher recession risk favoured the dollar while MYR fell victim to crashing oil prices. Daily USDMYR outlook is bullish, pair shot back near 4.3000 as of writing amid heightening risk aversion as the Fed and RBNZ kicked off the week with emergency and larger-than-expected rate cuts, while BOJ brought forward its meeting to today's noon, from Thursday. Double digit declines in China retail sales and industrial production did not move markets.

1-Month Outlook – MYR Bearish

Pair's medium term outlook remains bullish on the back of weaker oil prices as OPEC+ still failed to eke out any agreement, rising global recession risk is exposing EM currencies to higher downside risk.

	S2	S1	Indicative	R1	R2
USD/MYR	4.2500	4.2750	4.2950	4.3000	4.3128

MYR Crosses

EUR/MYR



EUR/MYR Neutral

EUR/MYR is consolidating with RSI retreating from last week's overbought position following the ECB's policy announcement. Pair opened little changed this morning, expect sideways trading of 4.7500-4.7940 throughout the day.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.7132	4.7462	4.7718	4.8000	4.8327

GBP/MYR



GBP/MYR Bearish

GBP/MYR is bearish mainly on sharply lower opening after the sterling's excessive fall last Friday amid domestic Covid-19 panic. A minor reversal in GBP/USD is insufficient to return the pair back above 5.3400 today. We maintain current view that BOE's recent rate 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	5.2325	5.2650	5.2968	5.3400	5.3820

AUD/MYR



AUD/MYR Bearish

AUD/MYR was off morning low of 2.6185 and was seen gradually climbing back towards 2.6400 as of writing as markets reacted to RBA's statement that it stands ready to buy government bonds i.e. carrying out QE to support "smooth functioning" of market. Pair barely budged on China's data double-digit slides. Daily outlook is bearish due to a much lower opening. The new policy measures are to be announced on Thursday.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.6200	2.6300	2.6399	2.6570	2.6700

Source: Bloomberg, HLBB Global Markets Research

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