16 June 2020

Global Markets Research
Mid-day Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Bullish

USDMYR opened 0.29% lower at 4.2662 on a surprised selloff in the greenback overnight after the Fed's move to buy corporate bonds from the secondary market infused a relief rally in the markets. The pair's daily outlook is bearish, riding on a lower opening following softer overnight USD. 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.

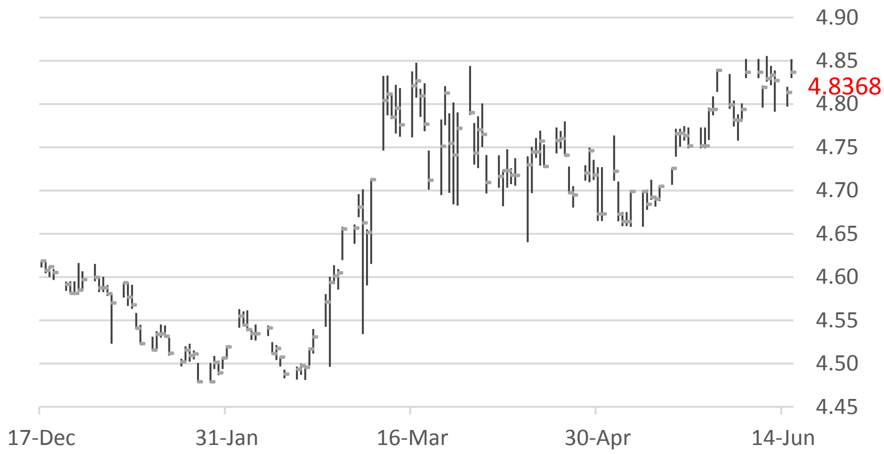
1-Month Outlook – MYR Neutral

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	4.2594	4.2625	4.2620	4.2763	4.2798

MYR Crosses

EUR/MYR



EUR/MYR bullish

EURMYR opened 0.79% higher at 4.8511, as the EUR regained grounds at the expense of renewed USD weakness. Expect EURMYR outlook to turn bullish in anticipation of further gains in the EUR and a higher opening this morning. No change to our view that the pair's movement this week will primarily be USD-driven, with the Fed Congressional Testimony and Covid-19 headlines being key watch.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.7862	4.8102	4.8368	4.8396	4.8440

GBP/MYR

GBP/MYR neutral to slightly bearish

GBPMYR opened higher by 0.86% at 5.4079 today tracking overnight GBP gains. Daily outlook is neutral to slightly bearish, in line with our long held pessimism surrounding the GBP amid lack of progress in Brexit talks, high Covid-19 death tolls and weakening fundamentals. Hence, the risk is skewed towards the downside for sterling and GBPMYR.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.3608	5.3635	5.3974	5.4006	5.4035

AUD/MYR

AUD/MYR slightly bullish

AUDMYR opened sharply higher by 2.16% at 2.9791 following a commendable rebound in the Aussie, resulting in a slightly bullish daily outlook in the pair. That said, the still stretched level in Aussie will likely push the pair downwards to 0.65-0.66 near term. 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	2.9416	2.9440	2.9687	2.9721	2.9777

Source: Bloomberg, HLBB Global Markets Research

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