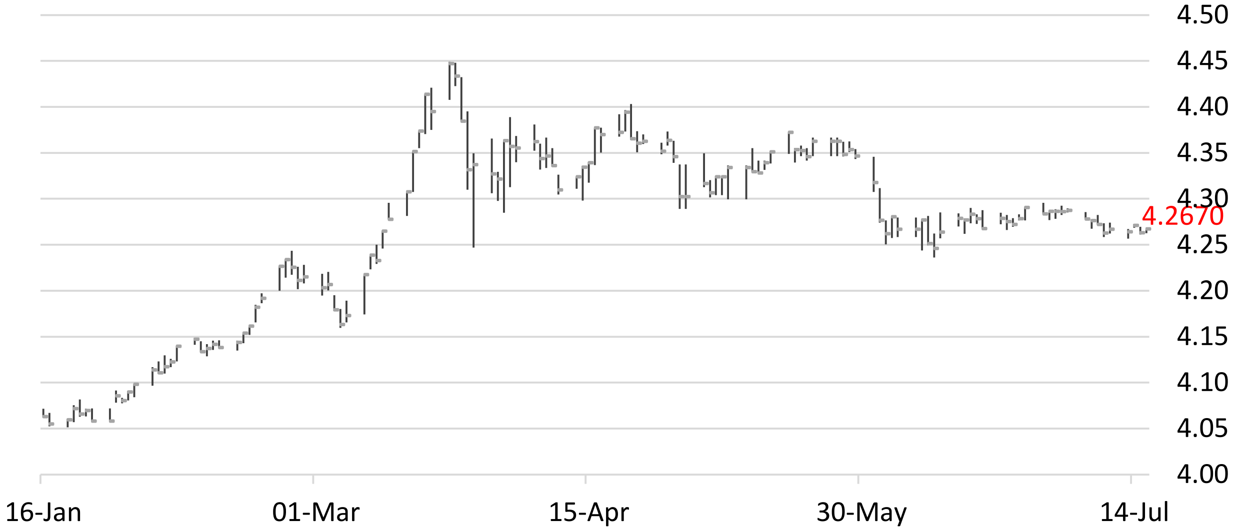
16 July 2020

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USDMYR opened little changed at 4.2625. The pair did not react to better-than-expected China GDP data but is instead stabilising ahead of US retail sales number tonight. We continue to see USDMYR moving on a neutral note, potentially swinging between minor gains and losses in response to volatile sentiment 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	4.2670	4.2731	4.2925

MYR Crosses

EUR/MYR

EUR/MYR Neutral

EURMYR opened little changed at 4.8671. Intra-day movement is likely minimal and we continue to expect the pair to stay within 4.85-4.87 today prior to today's ECB meeting and President Lagarde's press conference. No changes in policy are expected of the central bank but investors are mostly looking towards its latest macro assessment.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.8211	4.8405	4.8648	4.8734	4.8768

GBP/MYR

GBP/MYR Neutral to slightly bearish

GBPMYR opened 0.12% lower at 5.3671. GBP is seen weakening against the USD ahead of major job numbers due afternoon, likely because markets have some doubt over any strong reading. 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	5.3218	53326	5.3558	5.3644	5.3979

AUD/MYR

AUD/MYR Neutral to slightly bearish

AUD/MYR opened 0.1% higher at 2.9877 but is holding at recent ranges. AUD/USD is weighed down by mixed Australia's job data despite China GDP beat expectations. This paves way for slightly weaker AUD/MYR. 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	2.9737	2.9816	2.9900	3.0000

Source: Bloomberg, HLBB Global Markets Research

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