17 June 2020

Global Markets Research

Mid-day Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Bearish

USDMYR opened 0.31% higher at 4.2902, catching up with overnight dollar strength. We remain bullish on USDMYR today, as the pair might catch up with overnight USD strength. In the short-to-medium term, uncertainty surrounding US-China tension and the renewed worry about a new Covid-19 outbreak in China continues to linger and pose as a downside risk to MYR.

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	4.2643	4.2677	4.2775	4.2810	4.2836

MYR Crosses

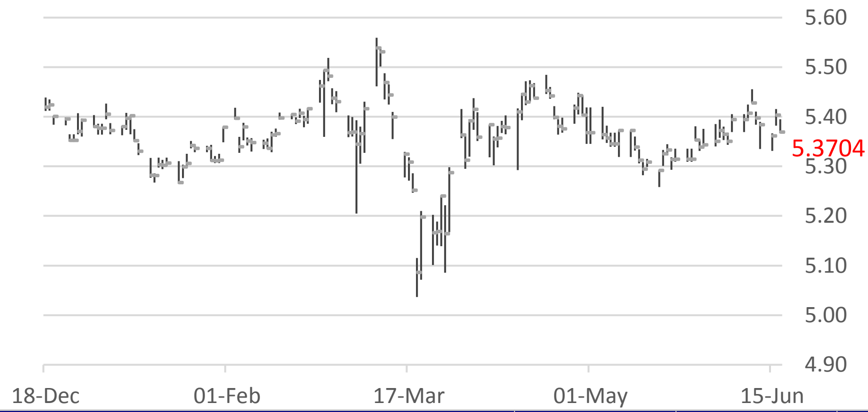
EUR/MYR

EUR/MYR neutral to slightly bearish

EURMYR opened 0.6% lower at 4.8180, after EURUSD was hit by the surprise jump in US retail sales. Expect the cross to range bound within 4.8100-4.8250 throughout today's session with no primary mover in the Asian session. No change to our view that the pair's movement this week will primarily be USD-driven, a robust US housing data (due tonight) could provide another boost to the USD.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.8106	4.8142	4.8192	4.8440	4.8486

GBP/MYR



GBP/MYR neutral to slightly bearish

GBPMYR also opened 0.41% lower at 5.3810, as GBP weakened alongside other majors against the USD. 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. The risk is skewed towards the downside for sterling and GBPMYR.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.3436	5.3475	5.3704	5.3796	5.3824

AUD/MYR

AUD/MYR slightly bearish

AUDMYR opened 0.38% lower at 2.9482; AUD was among the worst performer overnight, just behind EUR. Daily outlook is slightly bearish AUDUSD remained at stretched level and dollar strength could push the pair downwards to 0.65-0.66 in the 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	2.9292	2.9318	2.9383	2.9760	2.9798

Source: Bloomberg, HLBB Global Markets Research

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