

18 February 2020

Global Markets Research

Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Bearish

MYR started the week on the back foot, outweighed by a strong USD, closing Monday 0.13% weaker. As of writing, MYR continues to exhibit a weakening bias with USDMYR trading higher at 4.1485. We maintain a bullish view on USDMYR on expected broad-based USD strength that is fuelled by persistent Covid19-related concerns. News headlines surrounding the economic impact of the outbreak from disrupted supply chain to a curtailed Chinese demand have begun to come into the limelight. That said, the anticipation of FOMC minutes due Thursday is likely to keep the pair consolidating within 4.1350-4.1500. Markets are looking for a potential dovish tilts from the minutes following Fed Chair Jerome Powell's recent testimony before Congress on readiness to act. Note that, any negative headlines, hence USD strength, could easily push it pass 4.1500, targeting 4.1600 next.

1-Month Outlook – MYR Bearish

MYR is bearish in the medium term partly because the uncertainties surrounding the Covid-19 outbreak is weighing on riskier emerging markets currencies. Apart from that, we see a firmer USD outlook thanks to the US' solid fundamentals compared to an increasingly weaker domestic growth outlook that is likely to prompt another further easing by BNM this year.

	S2	S1	Indicative	R1	R2
USD/MYR	4.1300	4.1350	4.1485	4.1500	4.1600

MYR Crosses

EUR/MYR



EUR Neutral

EUR/MYR continues to trade neutral in a muted market with both currencies remaining weak versus stronger USD. Daily outlook is neutral, likely constrained within a tight range of 4.4830- 4.4980. Medium term outlook is neutral on potential easing by ECB and BNM.

	S2	S1	Indicative	R1	R2
EUR/SGD	4.4700	4.4800	4.4906	4.5000	4.5100

GBP/MYR



GBP Neutral

GBP/MYR is expected to stay neutral in light of renewed sterling weakness and concurrent MYR weakness. Markets are likely side-lined ahead of today's UK job report to gauge the labour market and the BOE's next move. Medium term outlook is slightly bullish on potential BNM easing outlook.

	S2	S1	Indicative	R1	R2
SGD/JPY	5.3600	5.3800	5.3912	5.4100	5.4400

AUD/MYR



AUD Bearish

Pair turning bearish after a dovish RBA minutes paves way for further easing, not to mention its sensitivity and vulnerability to the ongoing Covid-19 outbreak in China. Medium term outlook is slightly bearish on weaker Aussie outlook thanks to its huge exposure to China.

	S2	S1	Indicative	R1	R2
AUD/SGD	2.7600	2.7700	2.7731	2.7900	2.8000

Source: Bloomberg, HLBB Global Markets Research

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