

19 February 2020

Global Markets Research

Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Bearish

MYR remained under pressure alongside its Asian regional peers against the ultra-strong USD, closing Tuesday's session 0.24% weaker at 4.1535. As of writing, USDMYR is up by 80 pips and has breached 4.1600, back to the pre US-China trade deal level in late Nov and early Dec. We maintain a bullish view on USDMYR - the pair has now breached 4.1600, a break past 4.1650 would target 4.1700 next given that the dollar is expected to remain strong in the short term as Covid-19 concerns continue to dominate markets. That said, we are cautious ahead of tonight's FOMC meeting minutes as markets are looking for any dovish tilt from the Fed following Fed Chair Jerome Powell's recent testimony to the Congress on readiness to act. Daily technical range should be within 4.1520- 4.1650.

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' relatively firm fundamentals compared to increasing downside risks to domestic growth outlook that is likely to prompt further easing by BNM this year.

	S2	S1	Indicative	R1	R2
USD/MYR	4.1300	4.1400	4.1615	4.1650	4.1700

MYR Crosses

EUR/MYR



EUR/MYR Neutral

EUR/MYR remains neutral as ongoing weakness in both currencies against the USD cancelled out the cross' movement and likely being kept within a range of 4.4812-4.4500 based on technicals. Medium term outlook is neutral on potential easing by ECB and BNM.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.4750	4.4800	4.4906	4.4960	4.5080

GBP/MYR



GBP/MYR Neutral

GBP/MYR looks likely to stay neutral as MYR weakness seems insufficient to push the pair up to early Feb's high of near 5.20 ahead of today's UK CPI. UK job data had been mixed despite strong job gain and low unemployment rate, mainly because wage growth came in below 3%. CPI will offer some guidance on BOE's next move but nonetheless we expect a hold in bank rate in 2020. Medium term outlook is slightly bullish on potential BNM easing.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.3650	5.3854	5.4106	5.4200	5.4368

AUD/MYR



AUD/MYR Neutral

AUD/USD looks to be trading sideways, back to last week's trend amid concurrent AUD and MYR weakness, thus likely oscillating within 2.7750- 2.7900. Medium term outlook is slightly bearish on weaker Aussie outlook given Australia's larger exposure to China. RBA had coined the Covid-19 outbreak as a "material near-term uncertainty" to the country's growth outlook.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.7668	2.7750	2.7825	2.7900	2.8000

Source: Bloomberg, HLBB Global Markets Research

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