

20 February 2020

Global Markets Research

Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Bearish

MYR weakened the most vs the greenback among Asian-ex Japan currencies, finishing Wednesday session 0.19% lower at 4.1615. As of writing, USDMYR surged 160 pips after opening higher at 4.1660 this morning.

We maintain a bullish view on USDMYR – momentum is super strong as the pair has now breached 4.1800, targeting 4.1850 next on the back of a mighty strong dollar despite somewhat easing risk-aversion. With RSI now only at a slightly overbought level, we reckon that there is still room for the pair to move further up, targeting 4.1900 and eventually 4.2000 in the short term. Daily technical range should be within 4.1655 - 4.1850.

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	4.1400	4.1600	4.1820	4.1850	4.1900

MYR Crosses

EUR/MYR



EUR/MYR Bullish

EUR/MYR turned bullish today as MYR was weighed down heavily by the strong USD while EURUSD was seen struggling around key 1.0800 handle. Daily technical range at 4.4979 – 4.5150 with potentials to breach 4.5200 should MYR turn weaker. Medium term outlook is neutral as weak domestic outlook in both the EU and Malaysia seems likely to prompt easing by ECB and BNM.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.4812	4.4950	4.5125	4.5204	4.5305

GBP/MYR



GBP/MYR Neutral

GBP/MYR remains neutral as it is likely to continue trading within a tight band of 5.3723-5.4163. Positive UK data in the form of higher CPI and solid job gains failed to boost the sterling as the dollar remains ultra-strong. We do not foresee the cross to breach 5.4200 unless retail sales comes in extra strong to give a last-minute boost later today. Medium term outlook for the pair is slightly bullish on potential BNM easing versus expectation that the BOE would pause in 2020.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.3650	5.3854	5.3964	5.4200	5.4368

AUD/MYR



AUD/MYR Neutral

AUD/USD looks to be trading sideways again today within 2.7730- 2.7900 as AUD and MYR were adamantly weak against the USD at the moment. AUD lost ground after unemployment rate rose 0.2ppts to 5.3% mainly because labour force expanded. Medium term outlook is slightly bearish on weaker Aussie outlook given Australia's larger exposure to China. The Covid-19 outbreak presents a more material risk to the country's growth outlook compared to that of Malaysia's.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.7668	2.7750	2.7756	2.7900	2.8000

Source: Bloomberg, HLBB Global Markets Research

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