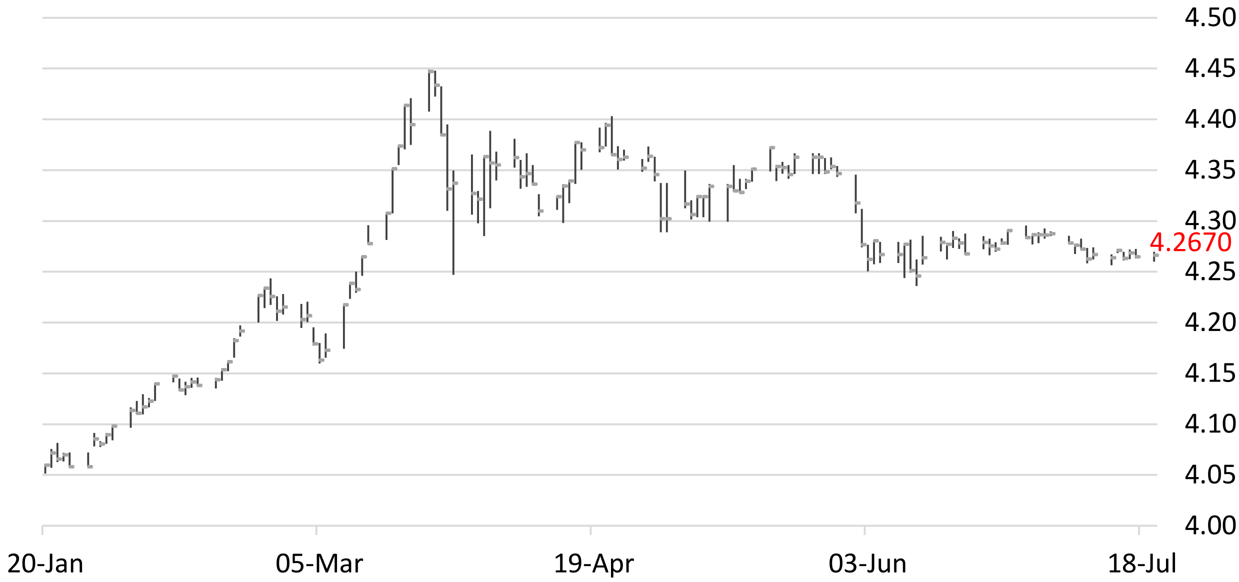
20 July 2020

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USDMYR opened 0.11% lower at 4.2600. Pair had finished last week virtually unchanged, in line with our neutral expectation. In the week ahead, we stick to our view of a neutral USDMYR. MYR is still vulnerable to fragile sentiment. Baring from any major fundamental factor such as the escalation of US-China tensions. The pair should still sit comfortably within 4.25- 4.29 in our view.

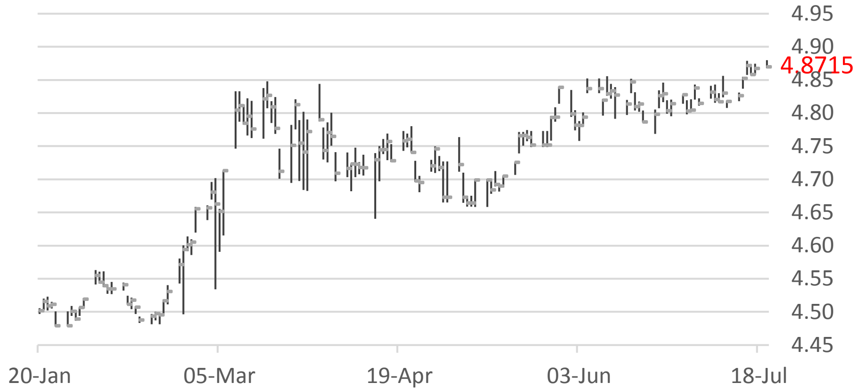
1-Month Outlook – MYR Neutral

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	4.2500	4.2625	4.2670	4.2760	4.2825

MYR Crosses

EUR/MYR



EUR/MYR Neutral

EURMYR opened 0.26% higher at 4.8797, swinging between gains and losses as of writing. Pair is subject to volatile sentiment given no particular factor driving the pair in the short term and rather neutral momentum. It is likely to range-bound within 4.85-4.88 with 4.88 being a strong resistance to overcome.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.8242	4.8436	4.8715	4.8800	4.8900

GBP/MYR

GBP/MYR Bearish

GBPMYR opened little changed at 5.3609 but slipped by 200pips to 5.3401, reacting to news that the UK is set to suspend its extradition treaty with China and risk escalating tension with the Beijing. 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	5.3200	5.3326	5.3401	5.3702	5.3875

AUD/MYR

AUD/MYR Neutral

AUDMYR opened 0.12% higher at 2.9864 but has retreated to 2.9763 amid rising risk aversion. Pair is likely to range bound within 2.95-2.98 subject to volatile sentiment. We maintain view that 3.00 will be a great resistance to overcome.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9464	2.9737	2.9773	2.9900	3.0000

Source: Bloomberg, HLBB Global Markets Research

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