

21 February 2020

Global Markets Research

Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Bearish

MYR was among the top losers among Asian currencies, behind the THB, KRW and JPY on Thursday. The local unit extended further losses of 0.49% to close at 4.1820 as the dollar reigned supreme this week. USDMYR continued to gain steam and immediately broke past 4.1900 as market opened this morning.

We maintain a bullish view on USDMYR today as the dollar's momentum is ultra-strong and broad-based, pair seems likely to target 4.2000 soon. Markets have turned risk-off amid renewed Covid-19 concerns after new cases surged in the dense countries of South Korea and Japan, as investors began to fear the potential outbreak escalation outside China. Daily technical range is likely at 4.1870 - 4.2000.

1-Month Outlook – MYR Bearish

No change to medium term outlook- MYR is bearish partly because the uncertainties surrounding the Covid-19 outbreak is weighing on riskier emerging markets currencies. Apart from that, recent data continued to point to a firmer USD outlook versus increasing downside risks to domestic growth outlook, likely prompting BNM to ease.

	S2	S1	Indicative	R1	R2
USD/MYR	4.1500	4.1600	4.1905	4.2000	4.2050

MYR Crosses

EUR/MYR



EUR/MYR Neutral

EUR/MYR is neutral given the concurrent weakness in both the shared currency and the local unit. Despite breaching 4.5200, the strong USD is keeping momentum muted in the cross thereby keeping the range within 4.5113-4.5270 in our view. Medium term outlook is neutral as weak growth outlook in both the EU and Malaysia seems likely to prompt easing by ECB and BNM.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.4979	4.5029	4.5227	4.5250	4.5410

GBP/MYR



GBP/MYR Neutral

GBP/MYR is still neutral and is expected to continue trading within a tight band of 5.3723-5.4163. Again, a strong USD is keeping the positive UK data (CPI, job gains and yesterday's upbeat retail sales) from boosting the sterling as they normally would. 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	5.3570	5.3723	5.4000	5.4163	5.4400

AUD/MYR



AUD/MYR Neutral

AUD/USD is foreseen to be trading on a neutral note with daily range of 2.7649-2.7900 as USD weighs down both AUD and MYR in a risk-off market. 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	2.7508	2.7602	2.7688	2.7789	2.7889

Source: Bloomberg, HLBB Global Markets Research

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