

26 February 2020

Global Markets Research

Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Bearish

MYR bled for the seventh consecutive session, weakening by another 0.18% to 4.2340 against the USD on Tuesday despite broad-based weakness in the greenback globally, thanks to MYR market's idiosyncratic concerns over domestic politics.

We are bullish on USDMYR today as evolving headlines continued to add to current market jittery. The pair opened unchanged at 4.2340 this morning and immediately gathered momentum to breach 4.2400, now heading towards 4.2500, a strong resistance last broken in Q317. In the short term, a price rejection at 4.25 risks sending the overbought pair back to 4.22-4.23 range. News of an intact PH alliance if confirmed, would offer immediate comfort to investors and help MYR to recoup losses.

1-Month Outlook – MYR Bearish

MYR outlook is bearish as we expect EM currencies to continue taking the hit in an increasingly risk-averse market. The Covid-19 outbreak has slowly morphed into a potential global pandemic with cases and deaths popping up around the world. Cases in South Korea alone has now topped 1000 and will only climb further in the days to come. On the local front, Lim Guan Eng, now former FinMin had announced the delay in the stimulus package initially slated for announcement tomorrow, to an unknown date. The case for BNM easing thus turns even stronger, posing downside risk for the MYR.

	S2	S1	Indicative	R1	R2
USD/MYR	4.2000	4.2200	4.2428	4.2500	4.2550

MYR Crosses

EUR/MYR



EUR/MYR Bullish

EUR/MYR remains bullish today as EUR regained footing against the USD and in turn pressured the super weak MYR; pair comfortably breached 4.6000, now moving towards 4.6150 before targeting 4.6200 in the short term. Daily range likely at 4.6000-4.6200. Medium term outlook is still neutral as weak growth outlook in both the EU and Malaysia is likely to prompt easier ECB and BNM policies.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.5760	4.5938	4.6093	4.6150	4.6200

GBP/MYR



GBP/MYR Bullish

GBP overnight's strength spilled over to Asian session and lifted the pair to above 5.5000 now. We reckon further topside movement is capped by markets' anticipation of EU-UK trade negotiations, thus limiting the range to 5.5000- 5.5250. Medium term outlook for the pair is slightly bullish as the case for more BNM easing turns stronger compared to a steady BOE.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4650	5.4850	5.5131	5.5206	5.5441

AUD/MYR



AUD/MYR Neutral

AUD/USD looks neutral as markets await cues on next week's RBA meeting. Cash Rate futures point to no cut. Expect range bound movement within 2.7900-2.8050 today. Medium term outlook is slightly bearish on weaker Aussie outlook given Australia's larger exposure to China. The Covid-19 outbreak still presents a more material risk to the country's growth outlook compared to that of Malaysia's.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.7800	2.7880	2.8000	2.8050	2.8120

Source: Bloomberg, HLBB Global Markets Research

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