

28 May 2020

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Slightly bearish

USDMYR opened 0.18% higher at 4.3560 and is seen hovering around 4.3500-4.3600 as of writing. The pair is expected to rebound slightly today as USD regained some ground overnight thanks to cautious sentiment surrounding rising US-China tension. The US has yet to make an official response to China's new security law on Hong Kong.

1-Month Outlook – MYR Bullish

We turned bearish on medium term USDMYR outlook as a current risk-on mood is supportive of a weaker USD and mainly because commodity-related currencies are likely to fare better compared to more pessimistic view a month ago. This is in line with a long held view of a slightly weaker USD throughout 2020, even as there may be some near-term USD strength. Having said that, growing US-China hostility may give rise to stronger USD and thus pose a downside risk to the local unit.

	S2	S1	Indicative	R1	R2
USD/MYR	4.3494	4.3525	4.3560	4.3618	4.3645

MYR Crosses

EUR/MYR



EUR/MYR Bullish

EURMYR opened at 4.7900 and went up to 4.7958 as of writing as EUR strengthened against the USD overnight and has now broken above its previous resistance of 1.08-1.10. This is supported by improving economic fundamentals and the EC's newly proposed €750 billion stimulus package. EURUSD may gradually strengthen, although we do not see much sustainability above 1.1100. The ECB is expected to publish its revised forecast next week.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.7802	4.7830	4.7999	4.8053	4.8076

GBP/MYR

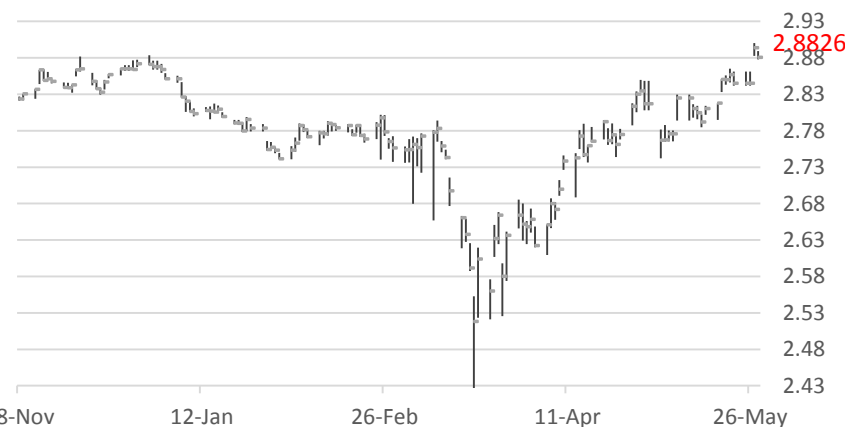


GBP/MYR Slightly bearish

GBPMYR opened 0.39% lower at 5.3320 following the slump overnight, in reaction to talks of negative rates in the UK. Daily outlook is slightly bearish but in the short term we still see some near-term potential for GBP to catch up after prior underperformance. Still, we remain comparatively pessimistic regarding GBP as Covid-19 remained out of control in the UK.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.3284	5.3308	5.3436	5.3498	5.3521

AUD/MYR



AUD/MYR Slightly bearish

AUDMYR opened 0.51% lower at 2.8790 as uncertainty surrounding US-China tension on the Hong Kong security law issue gave rise to stronger USD and led to weaker Aussie. Daily outlook is slightly bearish. AUD continues to stay at elevated levels, benefitting from risk on mood, supporting the case for a correction after being at stretched level, partly from still-depressed commodity markets and rising US-China tension.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.8635	2.8662	2.8826	2.8896	2.8930

Source: Bloomberg, HLBB Global Markets Research

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