

29 May 2020

Global Markets Research
Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Slightly bearish

USDMYR opened little changed at 4.3490 and was seen hovering at around 4.35 due to cautious sentiment. Despite recent weakness in the USD, the uncertainty surrounding US-China tension poses a downside risk to MYR which tends to underperform alongside its emerging market peers for fear of a potential US-China fallout. This might lead to a short term recovery in USDMYR as risk appetites broadly retreated.

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	4.3428	4.3454	4.3490	4.3550	4.3582

MYR Crosses

EUR/MYR



EUR/MYR Slightly bullish

EURMYR opened 0.61% higher at 4.8226 and has since then holding on to levels circa 4.8200. The jump at opening came after EUR outperformed against the USD and is now at the topside of 1.10 mainly because of poor US data. 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	4.7996	4.8025	4.8219	4.8243	4.8288

GBP/MYR



GBP/MYR Slightly bullish

GBPMYR opened 0.46% higher at 5.3631 following stronger GBPUSD. Daily outlook is bullish; 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 on Covid-19 and Brexit related issues.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.3318	5.3350	5.3615	5.3682	5.3708

AUD/MYR



AUD/MYR Slightly bullish

AUDMYR opened 0.36% higher at 2.8877, again thanks to dollar weakness that gave AUD an overnight lift. Both AUD and MYR stand to weaken if US-China tension escalates. However, AUD continues to stay at elevated level, supporting the case for a correction from stretched level. Upside to the pair is the continuous recovery in the commodity market.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.8821	2.8852	2.8888	2.8919	2.8948

Source: Bloomberg, HLBB Global Markets Research

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