

29 July 2020

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USDMYR opened 0.17% lower at 4.2460. No change to our neutral outlook ahead of the FOMC statement. Pair is likely staying in the range of 4.24-4.27 in anticipation of overall risk aversion in the markets. While the downward trajectory in the pair appears to be interjected temporarily, the pair is still expected to test 4.2450- 4.2480 this week. USD movement and shift in risk sentiments will remain a key determinant for MYR fate.

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	4.2360	4.2400	4.2493	4.2581	4.2696

MYR Crosses

EUR/MYR



EUR/MYR Neutral

EURMYR opened little changed at 4.9841. EUR has reversed some recent gains overnight as USD stabilised. Daily outlook is neutral but the pair is prone to correction at an overbought level. Pair is vulnerable to a shift in sentiment that would rejuvenate the dollar. The Fed's policy stance and rising US-China tension are key market drivers.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.9291	4.9630	4.9841	5.0000	5.0100

GBP/MYR

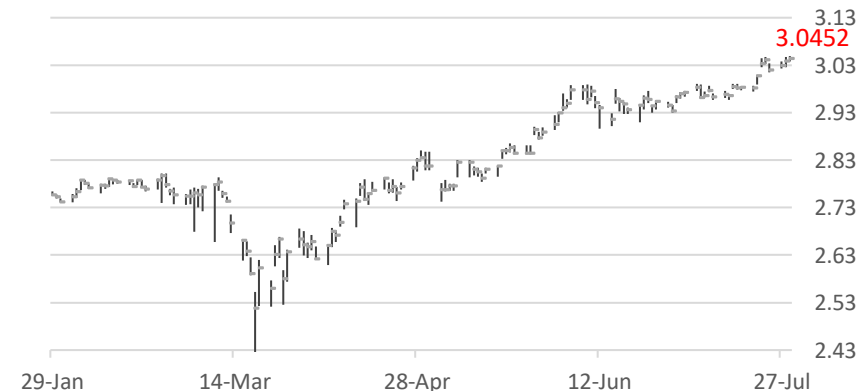


GBP/MYR Bullish

GBPMYR opened 0.34% higher at 5.4969 as GBP strengthened overnight. Momentum is bullish as the pair attempts to test 5.50 today, there is still some room for gains in the short term but it is vulnerable to a potential rebound in USD depending on the FOMC. In the short-to-medium term, Brexit news (if any major developments) may shift near term sentiment. Data may not move GBP as much, unless there are significant surprises.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4458	5.4792	5.4929	5.5000	5.5189

AUD/MYR



AUD/MYR Neutral

AUDMYR opened 0.22% higher at 3.0447. Daily outlook is neutral but is prone to correction at stretched level due to profit taking. Weak CPI data did not sway market as AUD/USD remains near 0.7170. A shift in sentiment driven by FOMC, and US-China tension could reverse recent gains.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9897	3.0117	3.0452	3.0472	3.0500

Source: Bloomberg, HLBB Global Markets Research

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