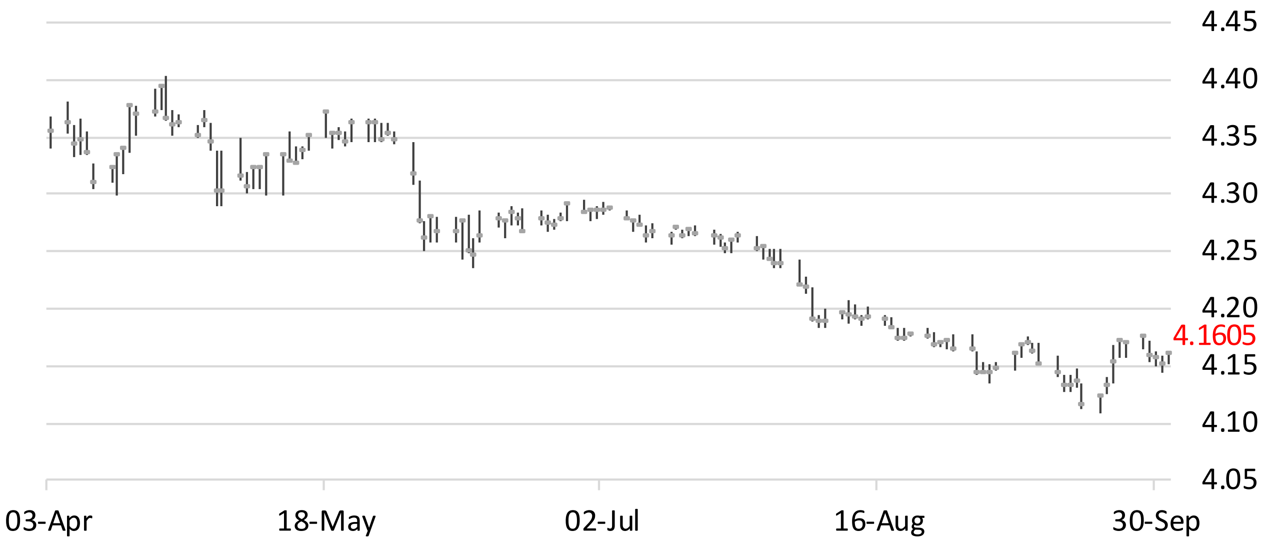
2 October 2020

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to Slightly Bullish

USD/MYR opened little changed at 4.1515 and has strengthened 0.48% WOW as at yesterday's close. Broad weakness in the USD also helped reinforce advance in the local unit. We remain neutral to slightly bullish on MYR next week, eyeing a range of probably 4.1300-4.1800, on expectation of protracted USD weakness. Technically, bullish momentum in USD/MYR is softening suggesting the pair may retreat further.

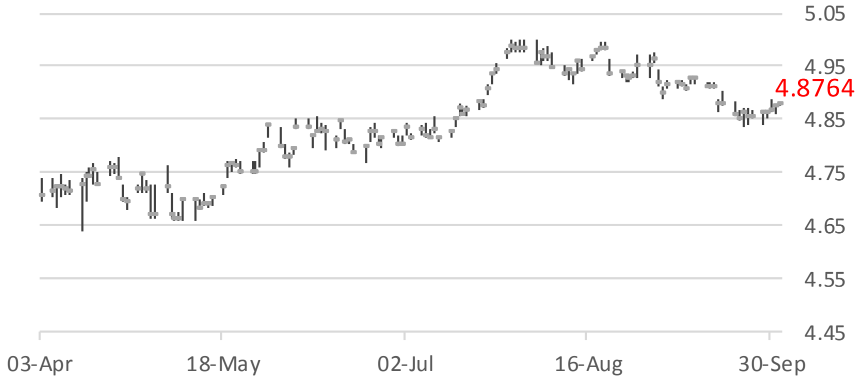
1-Month Outlook – MYR Bearish

We are still bullish on USD/MYR over a one month horizon, expecting USD strength to prevail at least until November's general election. Lacklustre recovery and especially slower job growth pose downside risk to the USD, but this is outweighed by higher possibility for a USD reversal after months of weakness as well as rising volatility ahead of the election.

	S2	S1	Indicative	R1	R2
USD/MYR	4.1300	4.1405	4.1605	4.1800	4.2000

MYR Crosses

EUR/MYR



EUR/MYR Neutral

EUR/MYR opened little changed at 4.8758. Daily outlook remains neutral as EUR/MYR continues to stick within the range of 4.85-4.89 amid mixed EUR performances in recent days and ahead of key US data tonight. No change to our bearish outlook in EUR in the more medium term over more sustained USD strength.

a	S2	S1	Indicative	R1	R2
EUR/MYR	4.8350	4.8500	4.8764	4.8900	4.9054

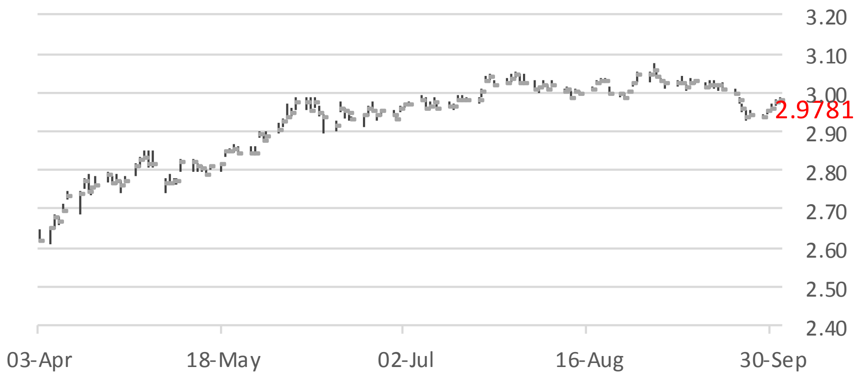
GBP/MYR

GBP/MYR Neutral

GBP/MYR opened 0.6% higher at 5.3498 after the sharp retreat in the previous session in response to unfavourable Brexit news. Daily outlook is neutral for now as markets await development surrounding the EU's legal action against the UK. No change to our view that GBP is bearish in the short and more medium term on the back of Brexit uncertainties and poor recovery prospect.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.3170	5.3300	5.3496	5.3700	5.3848

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.2% higher at 2.9819 and continues to trade steadily within 2.96-2.99 in the absence of major driver. The fall in August retail sales failed to elicit any major movement. Daily outlook is neutral and we look towards RBA's monetary decision statement next week for guidance.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9270	2.9530	2.9781	2.9800	3.0000

Source: Bloomberg, HLBB Global Markets Research

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