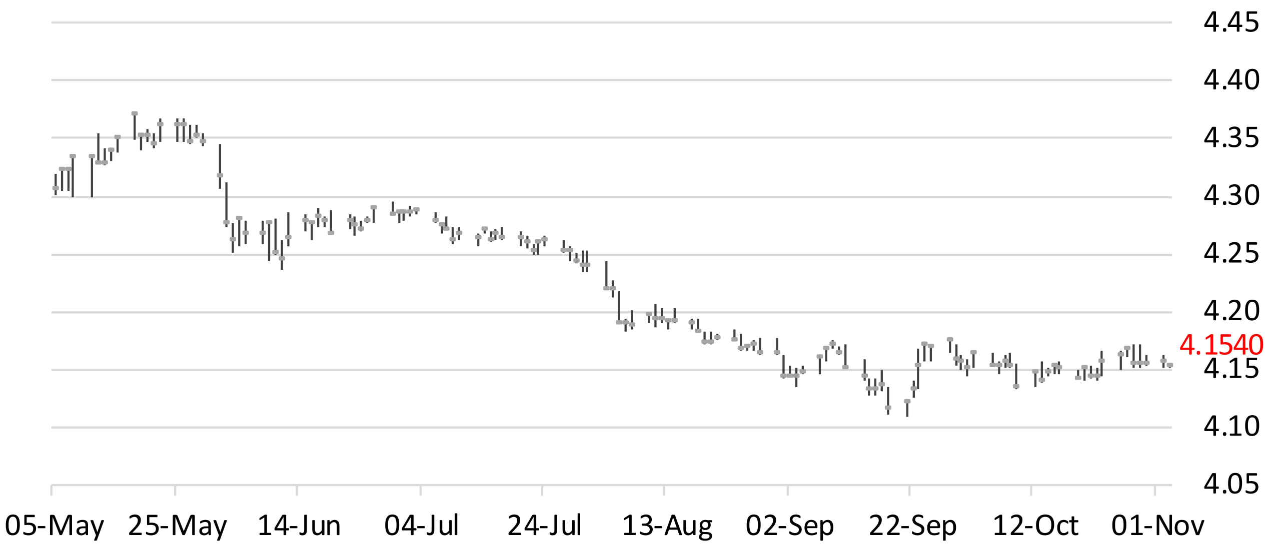
3 November 2020

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Bearish

USD/MYR opened little changed at 4.1550 as the MYR market is awaiting BNM's OPR decision. We are calling for a 25bps cut and will look towards BNM's statement at 3pm for further guidance. For now, we remain slightly bullish on USD/MYR this week ahead of the tabling of the 2021 Budget coupled with cautiousness surrounding the US general election which are expected to keep MYR under pressure, potentially breaking the 4.17 handle.

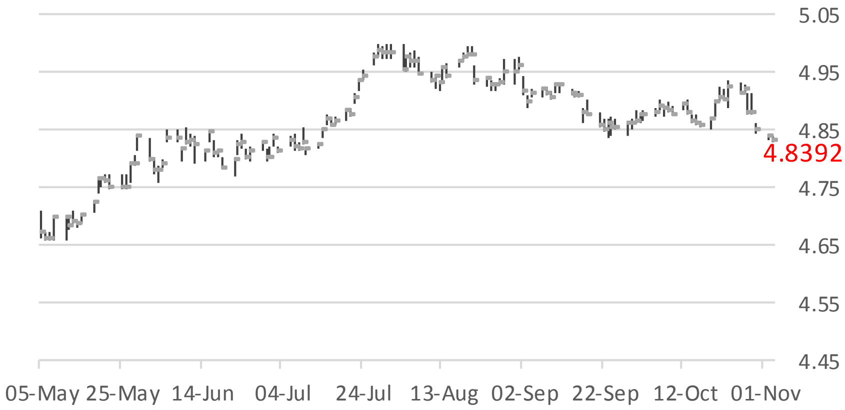
1-Month Outlook – MYR Bearish

We are still bullish on USD/MYR over a one-month horizon, expecting USD to range trade though with volatility 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	4.1485	4.1500	4.1540	4.1700	4.1760

MYR Crosses

EUR/MYR



EUR/MYR Neutral to Bearish

EUR/MYR opened unchanged at 4.8393. Cautious sentiment surrounding US election is expected to keep the pair at recent ranges for now. We are more bearish in the EUR in the short term, expecting USD to benefit from risk aversion in this busy week. The resurgence of Covid-19 virus in Europe also poses severe downside risk to the single currency in the short-to-medium term.

a	S2	S1	Indicative	R1	R2
EUR/MYR	4.8030	4.8200	4.8392	4.8440	4.8850

GBP/MYR

GBP/MYR Neutral to Bearish

GBP/MYR opened 0.5% higher at 5.3720. We maintain view that the sterling is expected to remain under pressure after the newly imposed lockdown and ahead of Bank of England's policy decision on 5 November, particularly if BOE turns more dovish. In general, risk aversion is likely to weigh on the sterling this week.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.3500	5.3678	5.3714	5.3804	5.3948

AUD/MYR

AUD/MYR Neutral to Bearish

AUD/MYR opened 0.7% higher at 2.9321, catching up with stronger Aussie dollar overnight alongside a rebound in oil prices. Markets have priced in the expected cut in cash rate by RBA later this morning (Consensus: 15bps cut to 0.1%) and are more interested in the magnitude of the adjustment in its QE program.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9000	2.9100	2.9321	2.9428	2.9506

Source: Bloomberg, HLBB Global Markets Research

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