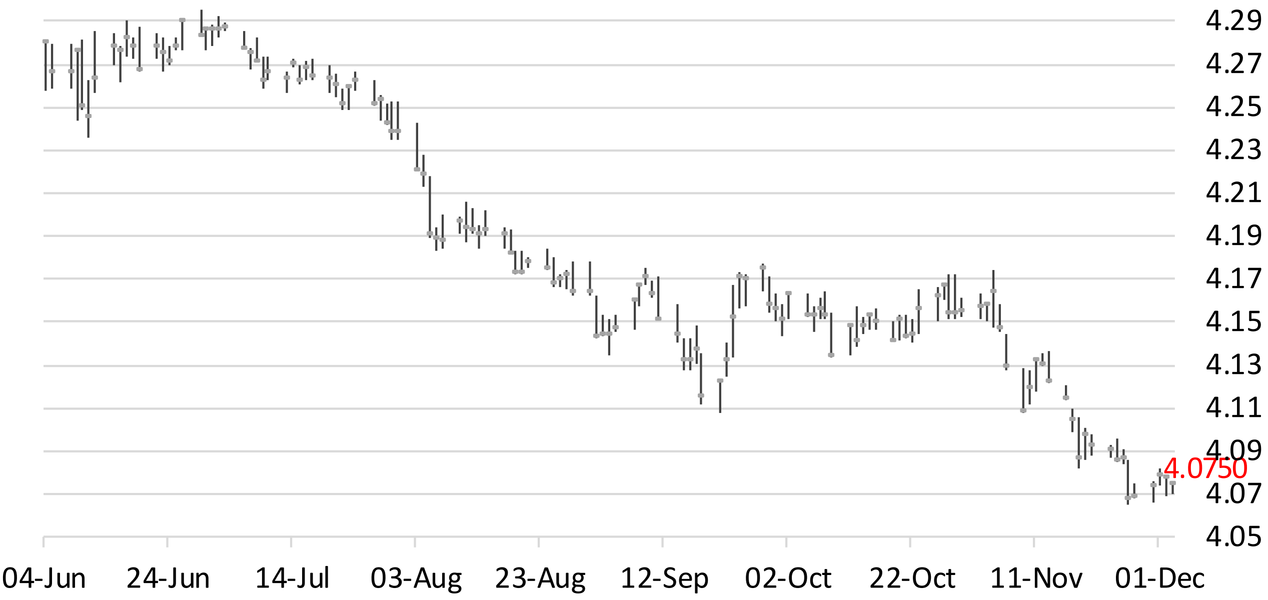
3 December 2020

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to Bullish

USD/MYR opened 0.2% lower at 4.0700 but edged higher to 4.0750 as of writing. The pair remains below 4.08, indicating weak momentum. No change to prevailing view that the broad-based USD weakness could push the pair lower. However cautious sentiment may keep the pair constrained within recent ranges. We maintain a weekly range of 4.05-4.10 for now.

1-Month Outlook – MYR Bullish

We turn bearish on USD/MYR on a one-month basis after Joe Biden's presidential victory paves way for a weaker dollar; a Biden Administration is expected to return the US executive branch to normalcy and eliminate any abrupt decisions on both the domestic and international fronts that so often characterized the Trump Presidency for the past four years. The Fed's sustainably accommodative policy coupled with weak recovery outlook alongside high unemployment rate are also expected to weigh on the greenback as we head into the end of 2020.

	S2	S1	Indicative	R1	R2
USD/MYR	4.0500	4.0600	4.0750	4.0800	4.1000

MYR Crosses

EUR/MYR

EUR/MYR Neutral to Bullish

EUR/MYR opened 0.5% higher at 4.9395 catching up with the gain in the euro overnight. Momentum for the pair has turned stronger, potentially paving way for some up moves, with MYR restricted to small movement. Having said that, fundamentals remain weak as evident in recent pull-back in PMI and negative inflation which led to speculations that the ECB might add stimulus.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.8822	4.9000	4.9369	4.9500	4.9760

GBP/MYR

GBP/MYR Neutral

GBP/MYR opened 0.2% higher at 5.4512 after weakening in the prior session. Pair is swinging between gains and losses this week torn by positive vaccine news and Brexit uncertainties; we maintain neutral outlook on the pair given its sensitivity to Brexit development.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4178	5.4334	5.4483	5.4650	5.4775

AUD/MYR

AUD/MYR Bullish

AUD/MYR opened 0.6% higher at 3.0233. Momentum is bullish, propelled by a series of upbeat Australia data (GDP and trade surplus) and positive China's PMI. In the short-to-medium term, trade skirmishes with China may continue to weigh.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9840	3.0033	3.0191	3.0250	3.0300

Source: Bloomberg, HLBB Global Markets Research

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