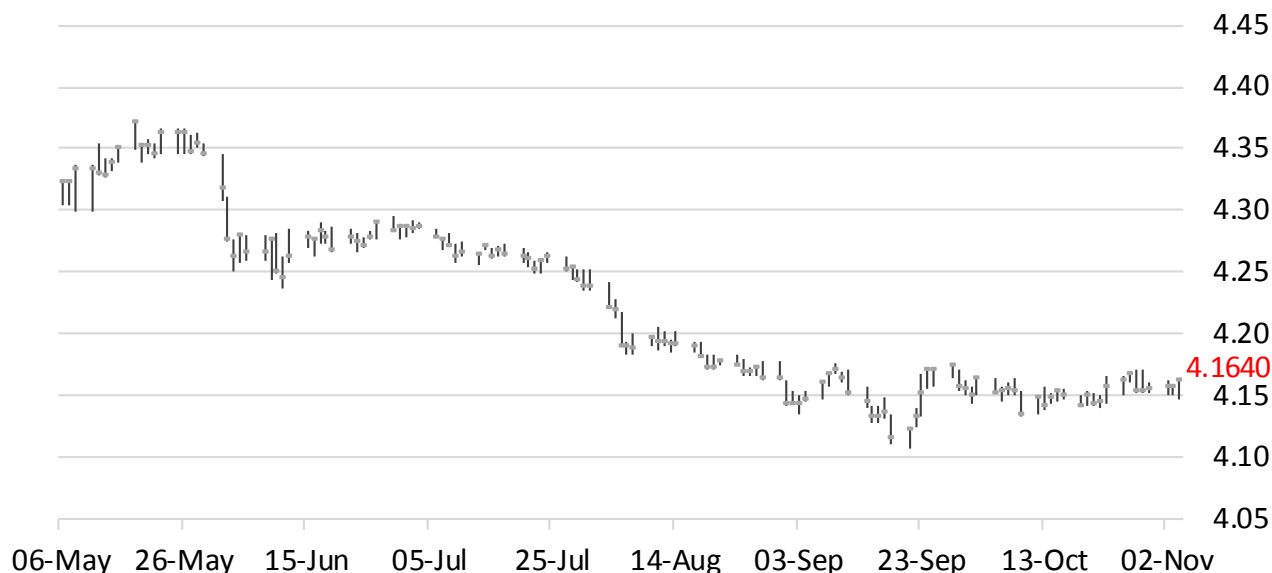


4 November 2020

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened 0.3% lower at 4.1475 today as the dollar tumbled overnight on US elections day. The pair however has since then recovered above 4.16 as of writing, potentially making its way for 4.17 handle; we turned neutral on the pair's outlook, expecting potential volatility ahead of the elections outcomes.

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	4.1640	4.1700	4.1760

MYR Crosses

EUR/MYR



EUR/MYR Neutral

EUR/MYR opened 0.6% higher at 4.8905 after the euro strengthened against the greenback alongside major currencies overnight. We turn neutral on the pair for now expecting potential volatility. 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	4.8500	4.8626	4.9000	4.9136

GBP/MYR



GBP/MYR Neutral

GBP/MYR opened 1.2% higher at 5.4550 as the sterling benefitted from broad-based USD weakness. 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	5.3911	5.4044	5.4254	5.4500	5.4632

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 1.4% higher at 2.9925 as AUD extended further gains despite RBA's newly expanded QE program and 15bps reduction in cash rate. We are neutral on the pair for now ahead of US elections outcome, bracing for potential volatility. In the more medium term, AUD is expected to weaken further as the RBA bought longer-dated government bonds to keep yields low.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9320	2.9544	2.9625	2.9793	3.0025

Source: Bloomberg, HLBB Global Markets Research

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