4 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 0.1% lower at 4.0675 after the broad USD weakened overnight. The pair continues to stay below 4.08, indicating weak momentum. The dollar remains on the back foot and this is likely to continue supporting the local unit. However, cautious sentiment ahead of the weekend may keep the pair constrained within recent ranges. We maintained a weekly range of 4.05-4.10 for now. The US nonfarm job report due tonight is expected to shape USD movement in the short term.

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	4.0640	4.0800	4.1000

MYR Crosses

EUR/MYR

EUR/MYR Neutral to Bullish

EUR/MYR opened 0.3% higher at 4.9466 following stronger EUR overnight. Momentum for the pair remains strong, 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	4.9395	4.9500	4.9760

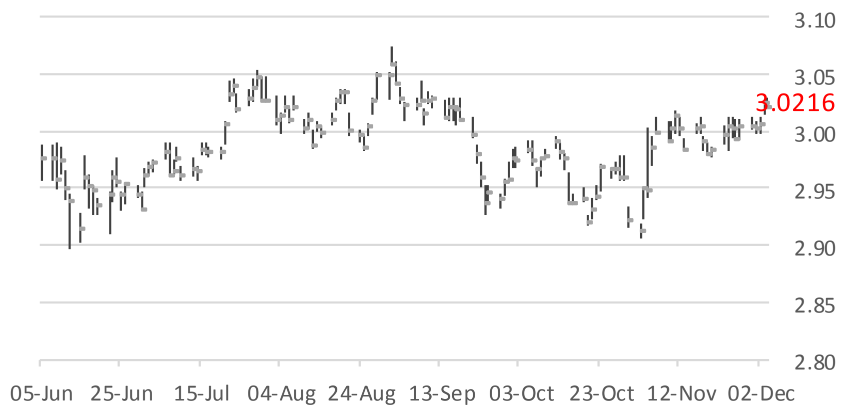
GBP/MYR

GBP/MYR Neutral

GBP/MYR opened 0.4% higher at 5.4787 after the GBP outperformed overnight. Attentions turn to Brexit talks as there are still risks of negotiation breaking down especially after France pressured Barnier to give no further concession. We maintain neutral outlook on the pair given its sensitivity to Brexit development.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4339	5.4500	5.4685	5.4792	5.4900

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.1% higher at 3.0287. Pair is little moved by upbeat retail sales data and is stabilizing after recent strength. In the short-to-medium term, trade skirmishes with China may continue to weigh.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9872	3.0064	3.0216	3.0300	3.0450

Source: Bloomberg, HLBB Global Markets Research

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