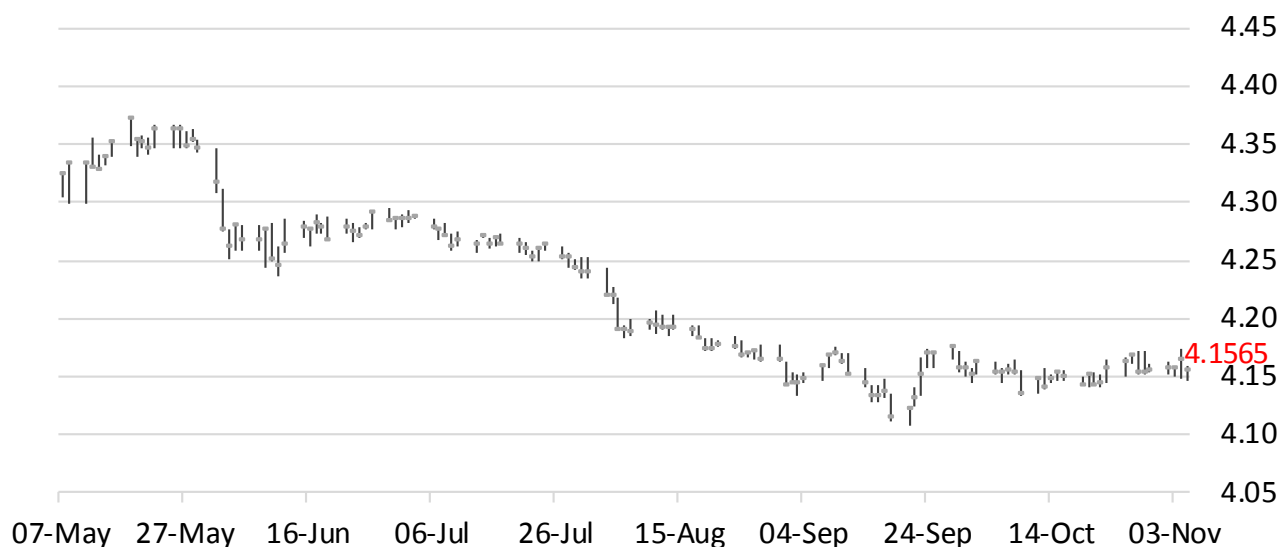


5 November 2020

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened 0.1% lower at 4.1590 as markets await US election outcomes. We remain neutral on the pair's outlook, expecting potential volatility ahead of the final elections outcomes as well as Friday's Malaysia 2021 Budget. Having said that, risk aversion resulting from the uncertainty could potentially benefit the dollar in the short run due to haven positioning.

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	4.1565	4.1700	4.1760

MYR Crosses

EUR/MYR



EUR/MYR Neutral

EUR/MYR opened 0.5% higher at 4.8860 but has retreated to circa 4.87 as of writing. We remain neutral on the pair for now expecting potential volatility and ahead of the FOMC meeting. The resurgence of Covid-19 virus in Europe also poses severe downside risk to the single currency in the short-to-medium term with Italy being the latest country to reintroduce lockdown.

a	S2	S1	Indicative	R1	R2
EUR/MYR	4.8030	4.8500	4.8712	4.9000	4.9136

GBP/MYR



GBP/MYR Neutral to Bearish

GBP/MYR opened 0.3% higher at 5.3997 despite weaker sterling overnight. Daily outlook is neutral to bearish in anticipation of BOE's MPC decision today. The central bank is expected to announce new QE stimulus; investors also look towards any signals that the BOE would cut the Bank Rate (now at 0.1%) to negative level. We rule this possibility out for now based on BOE's previous review on negative rates as a policy tool.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.3500	5.3710	5.3864	5.3911	5.4044

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 1.4% higher at 2.9903 but has retreated to below 2.98. The recovery in oil prices has helped support the Aussie recently. We are neutral on the pair for now ahead of US election 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	2.9766	3.0025	3.0100

Source: Bloomberg, HLBB Global Markets Research

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