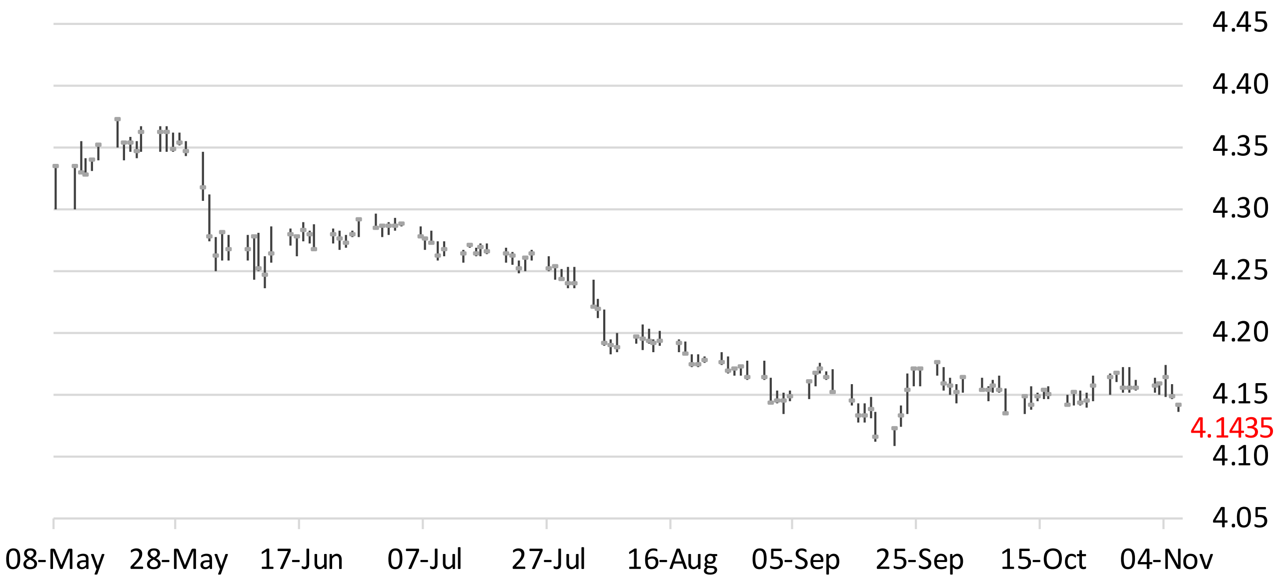
6 November 2020

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 4.1400 as the USD weakened further overnight. Pair has since moved higher holding at 4.1435 as of writing. We are neutral to bearish on the pair's outlook as the dollar continues to be weighed down by market optimism but are still expecting potential volatility ahead of the final US elections outcomes as well as today's 2021 Malaysia Budget.

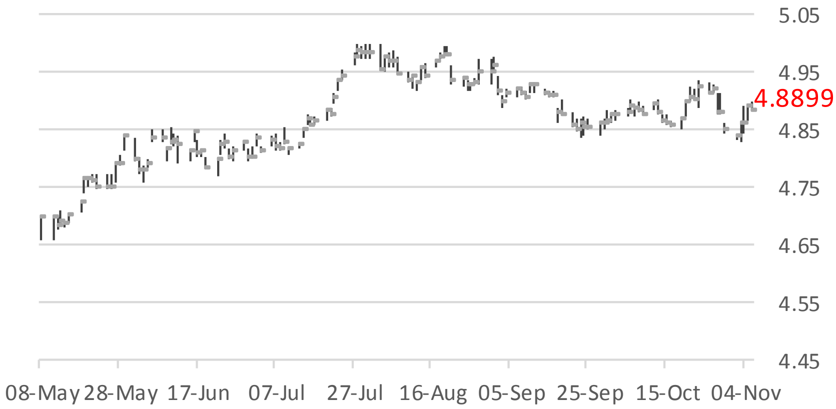
1-Month Outlook – MYR Bullish

We turn bearish on USD/MYR on a one-month basis, expecting the broad USD to weaken following the US election (particularly if Biden wins the presidency). The Fed's sustainably accommodative policy coupled with weak recovery outlook alongside high unemployment rate are expected to weigh on the greenback as we head into the end of 2020.

	S2	S1	Indicative	R1	R2
USD/MYR	4.1300	4.1400	4.1435	4.1700	4.1760

MYR Crosses

EUR/MYR

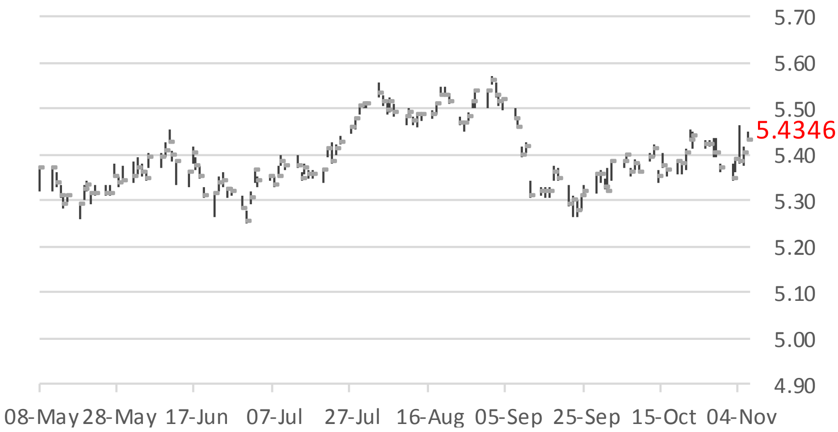


EUR/MYR Neutral

EUR/MYR opened 0.2% higher at 4.9009, catching up with stronger EUR overnight. We remain neutral on the pair for now expecting potential volatility and ahead of the election outcome. 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	4.8325	4.8650	4.8899	4.9030	4.9136

GBP/MYR



GBP/MYR Neutral

GBP/MYR opened 0.9% higher at 5.4492 after the sterling strengthened substantially overnight. Daily outlook is neutral for now, consistent with our views of potential volatility. Following BOE's decision yesterday, we continue to rule out possibility of negative Bank Rate. BOE's expansion of QE stimulus however is expected to weigh on the GBP in the medium term after uncertainty surrounding US election subsides.

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	S2	S1	Indicative	R1	R2
GBP/MYR	5.4044	5.4167	5.4346	5.4495	5.4632

AUD/MYR

AUD/MYR Neutral

AUD/MYR opened 0.8% higher at 3.0119 as the AUD outperformed overnight, ramping up nearly 1.4% gains versus USD. We are still neutral on the pair for now ahead of US election outcomes, 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	2.9599	2.9908	3.0076	3.0135	3.0270

Source: Bloomberg, HLBB Global Markets Research

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