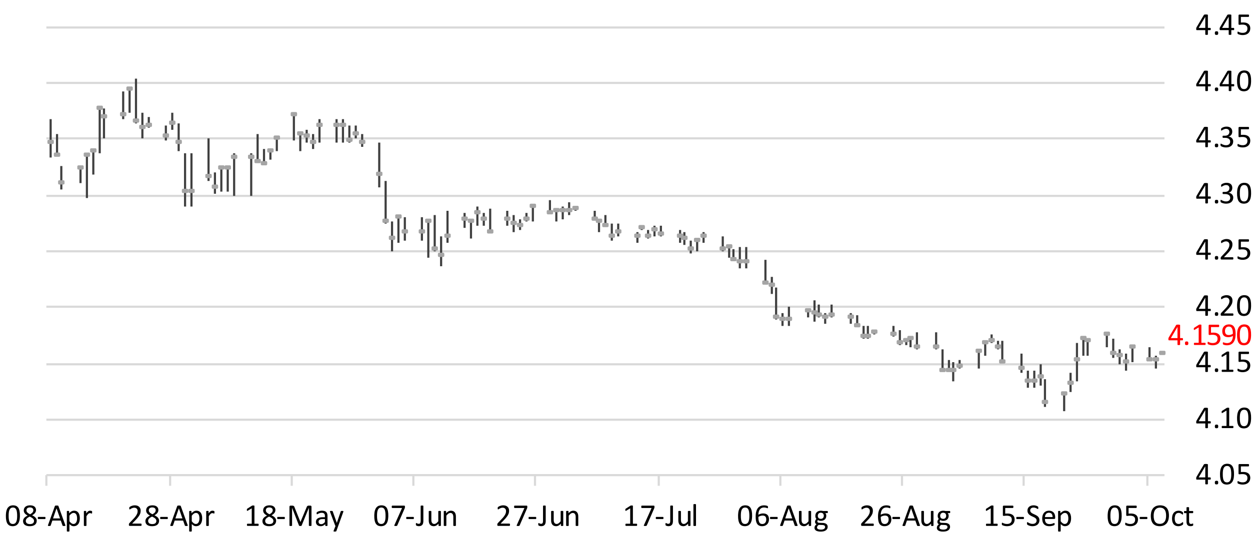
7 October 2020

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Bearish

USD/MYR opened 0.2% higher at 4.1600. Daily outlook turns bullish as the gain in USD overnight is expected to extend to today's Asian session amid a reversal in sentiment, thus posing downside risk to our neutral to slightly bullish view on MYR this week; nonetheless the pair is still likely to stay within the range of 4.1300-4.1800.

1-Month Outlook – MYR Bearish

We are still bullish on USD/MYR over a one month horizon, expecting USD strength to prevail 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	4.1300	4.1405	4.1590	4.1800	4.2000

MYR Crosses

EUR/MYR

EUR/MYR Neutral

EUR/MYR opened 0.4% lower at 4.8751, as the EUR weakened alongside other majors amid dollar strength. Daily outlook remains neutral as EUR/MYR continues to stick within the range of 4.85-4.89 amid cautious sentiment. No change to our bearish outlook in EUR in the more medium term over more sustained USD strength.

a	S2	S1	Indicative	R1	R2
EUR/MYR	4.8350	4.8500	4.8797	4.8900	4.9054

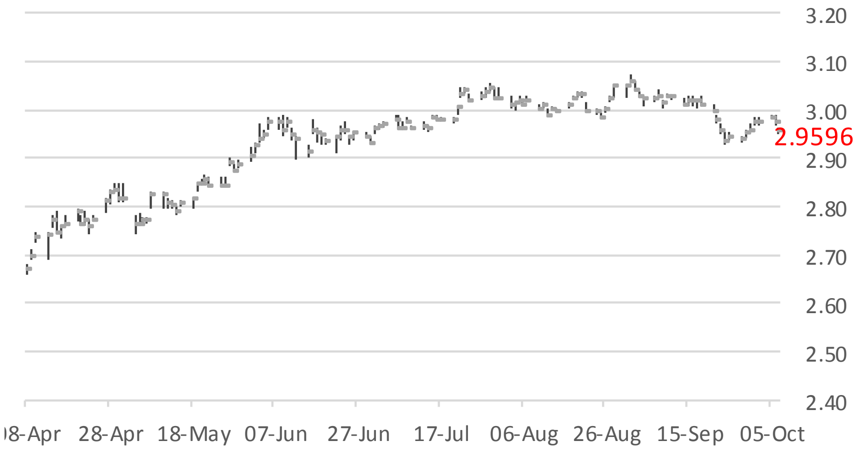
GBP/MYR

GBP/MYR Neutral to Bearish

GBP/MYR opened 0.9% lower at 5.3513 as the sterling experienced huge selling pressure on uneasiness surrounding Brexit talks and dollar strength. Pair is likely subject to volatility as headlines begin to surface on a potential Brexit talk breakthrough. No change to our view that GBP is bearish in the short and more medium term on the back of Brexit uncertainties and poor recovery prospect.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.3170	5.3300	5.3573	5.3867	5.4000

AUD/MYR



AUD/MYR Neutral to Bearish

AUD/MYR opened 0.8% lower at 2.9532, catching up with weaker AUD overnight amid a shift in risk sentiment. Daily outlook is neutral to bearish for now; RBA had left cash rate unchanged yesterday and reaffirmed its dovish policy stance. AUD/USD is expected to be resilient as economy is faring better than many, not to mention recovery in its key partner China. Nonetheless, some down moves are inevitable when market becomes occasionally. risk-off

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9270	2.9530	2.9596	2.9814	3.0000

Source: Bloomberg, HLBB Global Markets Research

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