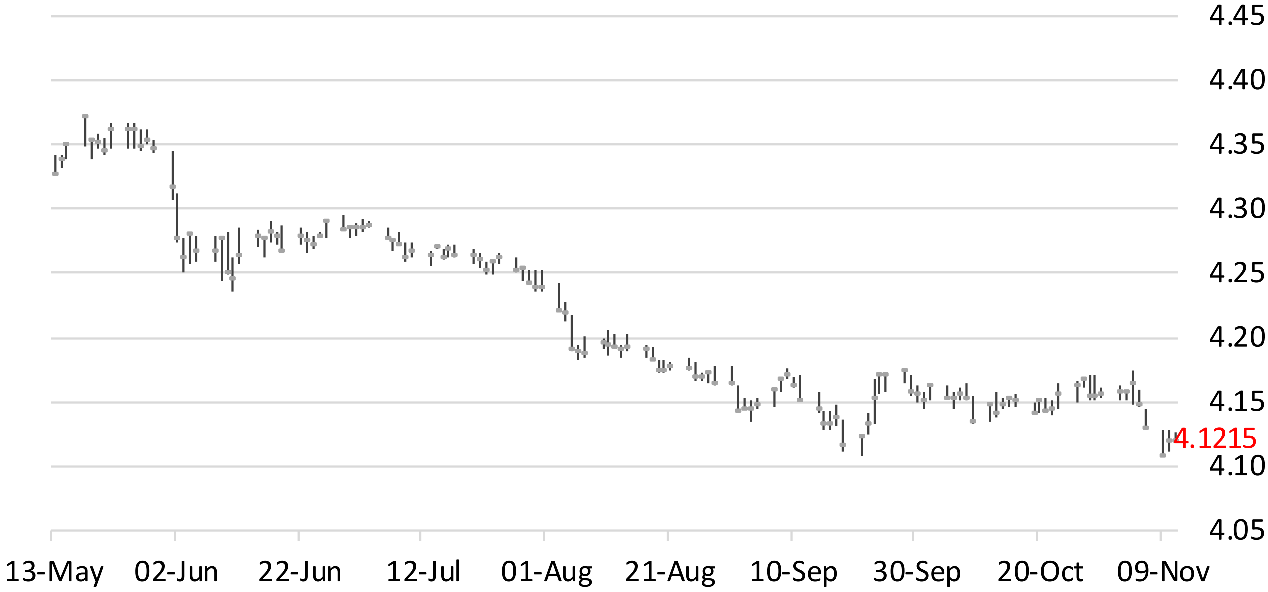
11 November 2020

Global Markets Research
Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened 0.1% higher at 4.1250. Daily outlook is neutral to bearish as markets could be stabilising after the recent sharp moves and ahead of Friday's Malaysia 3Q GDP report. Having said that, MYR could still benefit from the improved sentiment, broad-based USD weakness as well as recovering oil prices. The RSI indicator is yet to breach its undersold level despite recent sharp move, suggesting that there is still room for USD/MYR to go down further with 4.1000 being a key support level.

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	4.0900	4.1000	4.1215	4.1300	4.1500

MYR Crosses

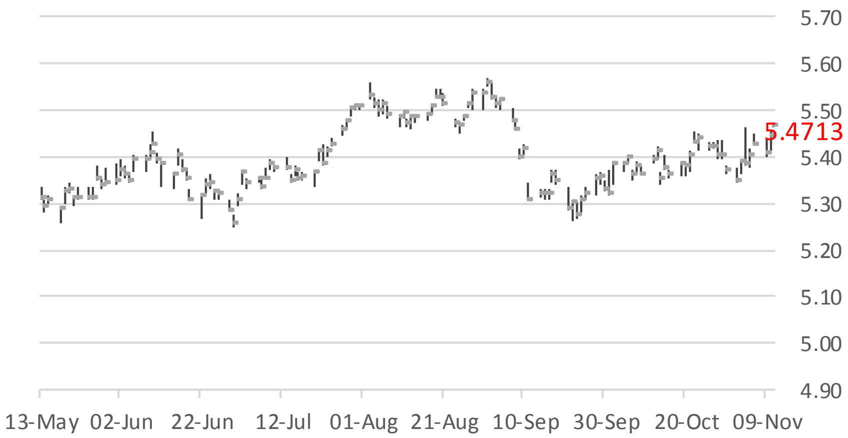
EUR/MYR

EUR/MYR Neutral

EUR/MYR opened 0.1% higher at 4.8693. We are still neutral on the pair as both EUR and MYR are likely to stabilise after the sharp moves recently. Poor fundamentals may weigh on the EUR near-term as the optimism from vaccine news wanes. For the remainder of the week, second reading of 3Q GDP and industrial production and are key data on the deck.

a	S2	S1	Indicative	R1	R2
EUR/MYR	4.8300	4.8566	4.8745	4.8834	4.9030

GBP/MYR



GBP/MYR Neutral

GBP/MYR opened 0.3% higher at 5.4632 after becoming the top gainer overnight, supported by Brexit and vaccine hopes. Markets also delayed expectation of negative rates from May 2021 to June. There may have been some repricing of risks of negative BOE rates and this may continue to support GBP in the near-term. Still, GBP is at elevated levels and we may see correction from Brexit risks. 3Q GDP and industrial production are up next.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4400	5.4565	5.4713	5.4821	5.5000

AUD/MYR

AUD/MYR Neutral-to-Bullish

AUD/MYR opened little changed at 3.0002. Daily outlook is neutral to bullish as AUD continues to be supported by ongoing optimism. In the more medium term, AUD is expected to retreat from elevated levels as the RBA bought longer-dated government bonds to keep yields low.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9599	2.9908	3.0093	3.0135	3.0270

Source: Bloomberg, HLBB Global Markets Research

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