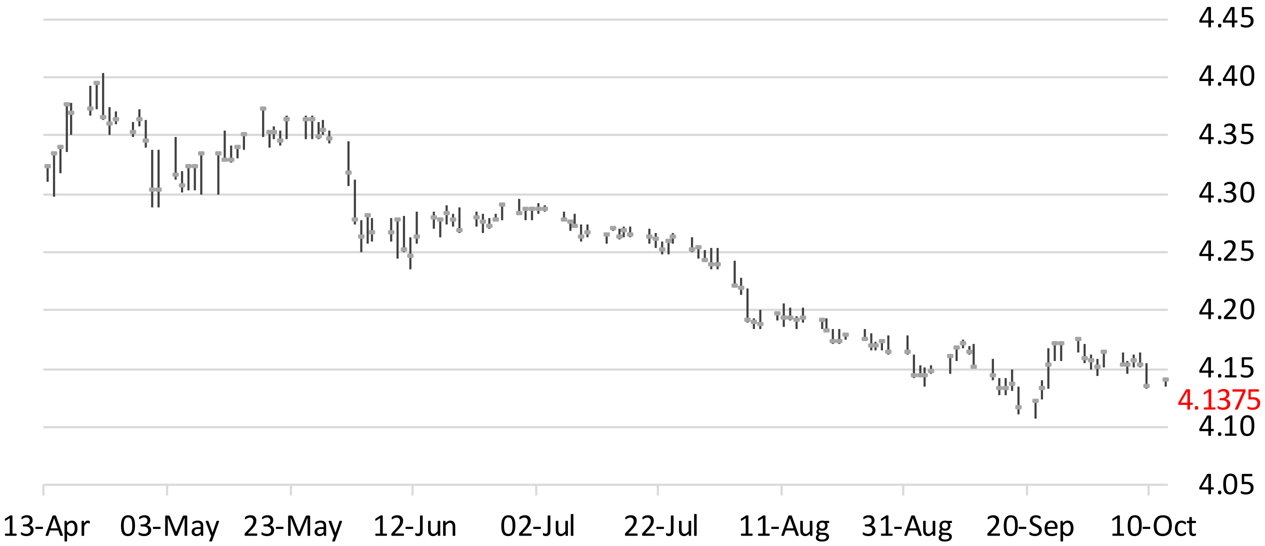
12 October 2020

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to Slightly Bullish

USD/MYR opened little changed at 4.1350; we are neutral on USD/MYR this week with a slight bearish bias, in anticipation of a neutral to slightly bearish USD outlook. Positive momentum continues to soften, paving the way for the pair to head down to test 4.13 level.

1-Month Outlook – MYR Bearish

We are still bullish on USD/MYR over a one month horizon, expecting USD to rangetrade 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	4.1250	4.1300	4.1375	4.1500	4.1800

MYR Crosses

EUR/MYR

EUR/MYR Neutral

EUR/MYR opened 0.2% higher at 4.8847 and is expected to remain steady within recent ranges of 4.88-4.90. 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	4.8883	4.9000	4.9179

GBP/MYR

GBP/MYR Neutral

GBP/MYR opened 0.4% higher at 5.3869 and outlook is neutral for now but we are anticipating some consolidation of GBP/USD amid recent strength. We turn neutral on GBP in medium term as negativity from dovish BOE and Brexit uncertainties is expected to be offset by prospects of a weaker USD.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.3300	5.3595	5.3898	5.4000	5.4167

AUD/MYR

AUD/MYR Neutral to Bearish

AUD/MYR opened 0.3% higher at 2.9867 but is holding steadily at circa 2.99 as of writing. Daily outlook is neutral to bearish alongside weaker Chinese yuan after the PBOC removed rules that effectively reduce cost for forward yuan trading in what seen as a move to tame yuan's recent strength. In the medium term, AUD/USD is expected to be resilient as economy is faring better than many, not to mention recovery in its key partner China.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9530	2.9720	2.9905	3.0000	3.0200

Source: Bloomberg, HLBB Global Markets Research

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