14 October 2020

Global Markets Research

Mid-day Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Bearish

USD/MYR opened 0.1% higher at 4.1465 and is holding steadily at circa 4.1400 as of writing. This comes after the local unit was supported by yesterday's announcement of a less strict Conditional Movement Control Order (CMCO) rules that allow businesses to continue operating in the affected states and territories. Daily outlook for the pair remains bullish following stronger USD overnight and retreating risk sentiment in global markets.

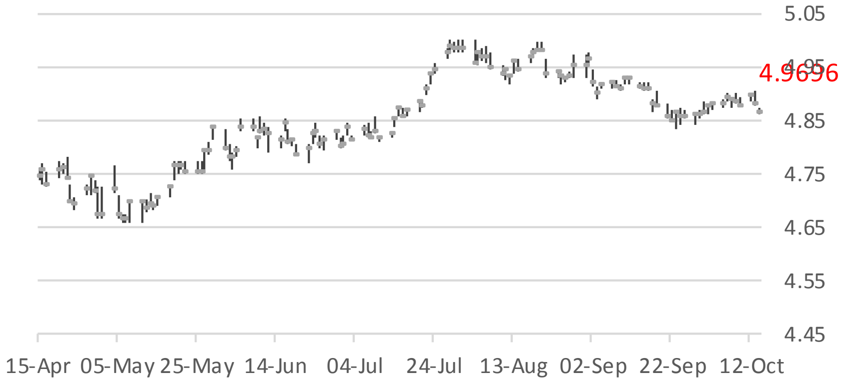
1-Month Outlook – MYR Bearish

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	4.1445	4.1650	4.1800

MYR Crosses

EUR/MYR



EUR/MYR Neutral to Bearish

EUR/MYR opened 0.4% lower at 4.8626 after overnight broad-based dollar strength helped weigh down the EUR. Pair could be weakening further today as EUR is expected to lose out further amid stronger USD after hitting below 1.18. 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	4.8680	4.8825	4.9000

GBP/MYR

GBP/MYR Neutral

GBP/MYR opened 1% lower at 5.3564, catching up with the sharp losses in the sterling overnight. GBP is still subject to some volatility amid shifting risk sentiment but we are still anticipating some consolidation of GBP/USD at stretched levels.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.3350	5.3500	5.3614	5.3794	5.4000

AUD/MYR

AUD/MYR Neutral to Bearish

AUD/MYR opened 0.5% lower at 2.9668 and is seen trading slightly above 2.97 as of writing. Retreating risk sentiment is likely to weigh AUD down despite better than expected consumer confidence data.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9274	2.9505	2.9703	3.9857	3.0000

Source: Bloomberg, HLBB Global Markets Research

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