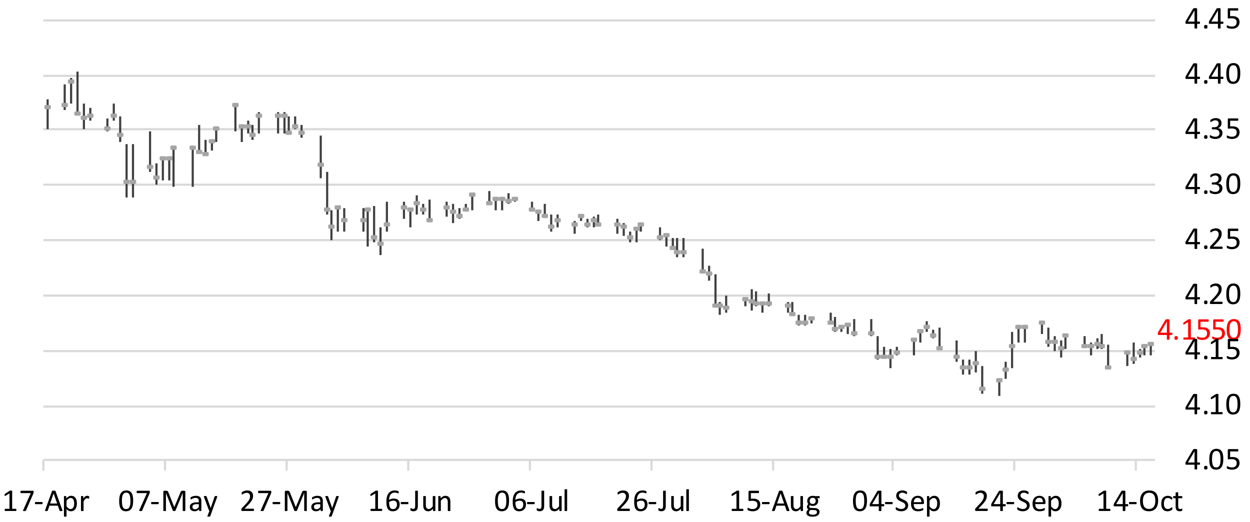
16 October 2020

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to Bearish

USD/MYR opened 0.2% lower at 4.1460. USD/MYR has largely been trading on a neutral note this week, in line with our weekly outlook of neutral-to-slightly bullish view on MYR. As of Thursday, USD/MYR was unchanged WOW at 4.1535 and is seen hovering at 4.1550 as of writing. Daily outlook is neutral-to-bullish as USD gained strength overnight and there tends to be some tendency to sell MYR ahead of the weekend. Looking ahead, we turn neutral on USD/MYR next week, expecting the pair to trade at circa 4.15; within a wide range of 4.13-4.17 given that USD is subject to volatility ahead of the US election which is less than three weeks away.

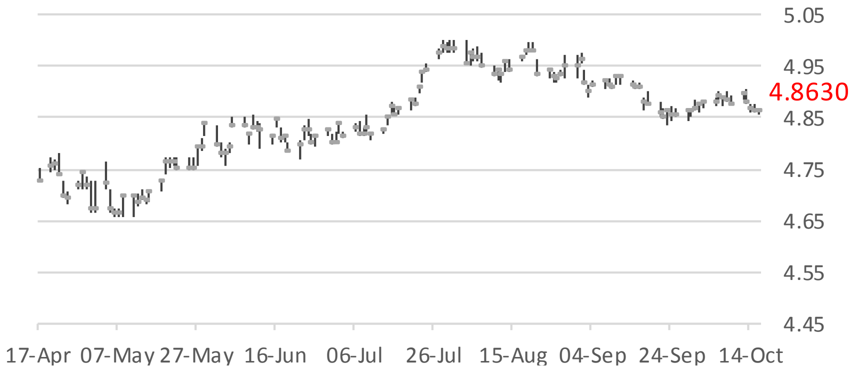
1-Month Outlook – MYR Bearish

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	4.1550	4.1600	4.1800

MYR Crosses

EUR/MYR

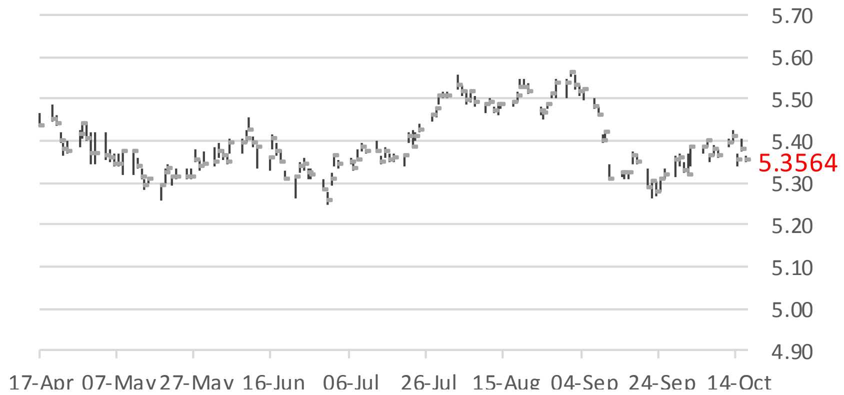


EUR/MYR Neutral

EUR/MYR opened 0.2% lower at 4.8559, picking up to above 4.86 as of writing. We continue to expect the pair to trade on a neutral basis within 4.85-4.88 amid a lack of major driver. No change to our bearish outlook on EUR in the more medium term, with Coronavirus cases surging in Europe and putting the continent's economic recovery at risk.

a	S2	S1	Indicative	R1	R2
EUR/MYR	4.8350	4.8500	4.8630	4.8825	4.9042

GBP/MYR



GBP/MYR Neutral

GBP/MYR opened 0.5% lower at 5.3527 after GBP weakened substantially against the USD overnight. We are still anticipating some consolidation of GBP/USD at stretched levels; for now GBP is subject to volatility as the immediate concern is on Boris Johnson's decision to either walk away from current Brexit talks or make concessions.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.3200	5.3450	5.3564	5.3793	5.4000

AUD/MYR

AUD/MYR Neutral

AUD/MYR opened little changed at 2.9390 after experiencing substantial losses in the previous session on RBA Lowe's dovish remarks. Pair is expected to trade neutrally amid cautious sentiment and a lack of driver for now.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9000	2.9274	2.9415	2.9812	3.0000

Source: Bloomberg, HLBB Global Markets Research

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