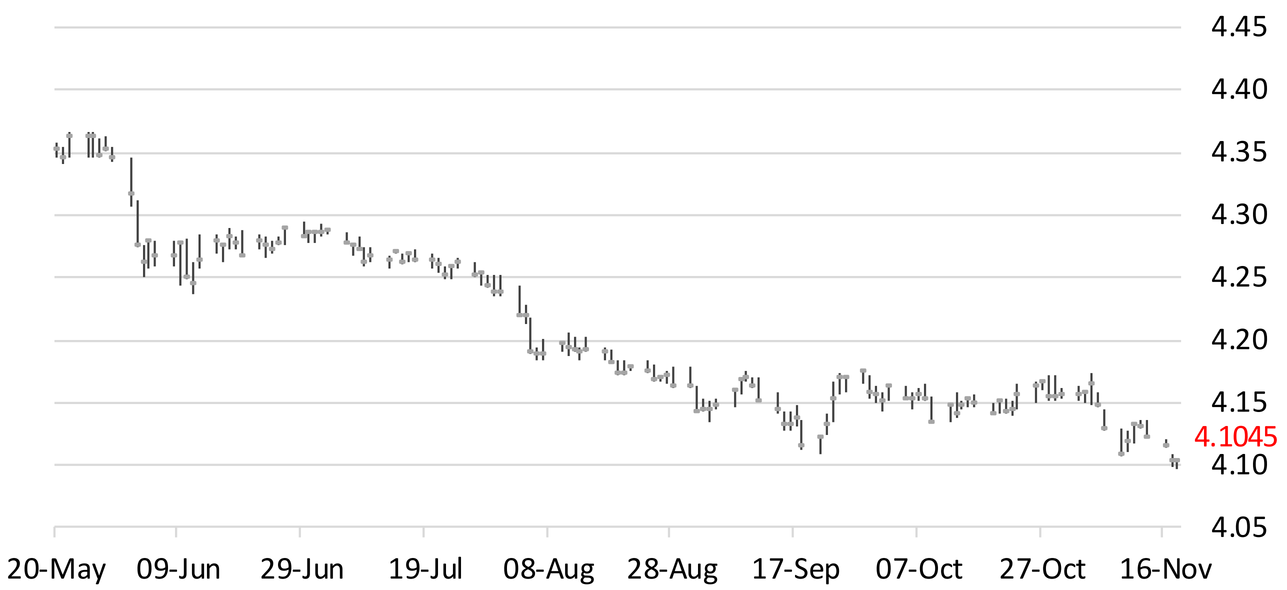
18 November 2020

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to Bullish

USD/MYR opened 0.1% lower at 4.1000 after having weakened in the prior session. The pair briefly breached 4.10 support when the market opened. Cautious sentiment has diminished the possibility of another break, likely keeping the pair within 4.10-4.12 today. For the week, we remain neutral to bullish MYR on the back of improving risk sentiments as the bid tone in the greenback dampened but watch out for occasional flips from US presidential transition and pandemic headlines.

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	4.1045	4.1200	4.1500

MYR Crosses

EUR/MYR

EUR/MYR Neutral

EUR/MYR opened little changed at 4.8694. No change to our neutral view on the pair as both EUR and MYR strengthen against USD. Investors are also monitoring the Covid-19 situations in Europe and the US despite recent vaccine news. Eurozone's poor fundamentals may weigh on the EUR in the more medium term.

a	S2	S1	Indicative	R1	R2
EUR/MYR	4.8300	4.8532	4.8661	4.8839	4.9000

GBP/MYR

GBP/MYR Neutral to Bearish

GBP/MYR opened 0.3% higher at 5.4413 and is hovering at recent ranges amid a lack of driver. UK CPI is up next in the data trove and there shouldn't be any major surprises. Inflation is expected to remain subdued. We are neutral-to-bearish on the GBP on fundamental reasons (poor recovery outlook), eyeing Brexit talks. PM Johnson is said to be advised to prepare a deal with the EU next week.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4000	5.4150	5.4388	5.4500	5.4632

AUD/MYR

AUD/MYR Neutral to Bearish

AUD/MYR opened 0.4% lower at 2.9949 after the AUD weakened overnight. Some weakness is expected to follow amid cautious sentiment and slowest wage growth data on record. Concerns over Australian-Chinese trade relation may also weigh. Job data are up next tomorrow.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9620	2.9798	2.9893	3.0180	3.0350

Source: Bloomberg, HLBB Global Markets Research

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