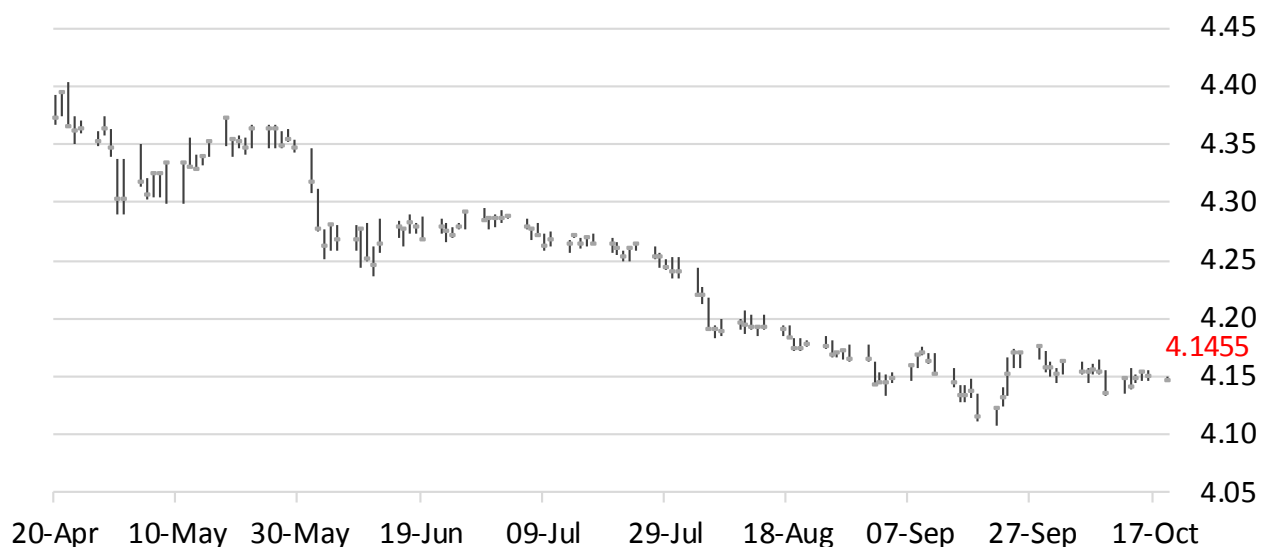


19 October 2020

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened little changed at 4.1475 and is trading steadily as of writing. Looking ahead, we turn neutral on USD/MYR this week, expecting the pair to trade at circa 4.14-4.15; within a potentially 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 range trade 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	4.1455	4.1600	4.1800

MYR Crosses

EUR/MYR



EUR/MYR Neutral

EUR/MYR opened little changed at 4.8625 and is likely to be constrained within 4.85-4.87 today amid cautious sentiment. For the week ahead, bearish EUR/USD could be dragging down the cross lower as well; more down moves could follow if EUR/USD breaks 1.1612 support. We also expect markets to continue trimming EUR long position coupled with poorer economic recovery prospect. PMIs will be keenly watched this week.

a	S2	S1	Indicative	R1	R2
EUR/MYR	4.8000	4.8350	4.8569	4.8792	4.9000

GBP/MYR



GBP/MYR Neutral-to-Slightly-Bearish

GBP/MYR opened unchanged at 5.3650. We are neutral to slightly bearish on GBP on Brexit event risk. Talks are expected to resume this week but Boris Johnson did warn of a no-deal withdrawal last week. Pair is subject to any major development of the talks and thus a wide range of 5.33-5.38.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.3200	5.3450	5.3607	5.3793	5.4000

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.2% higher at 2.9441 and is seen trading above 2.94 as markets digest mixed China economic data. 3Q GDP disappointed but industrial production beat expectations. AUD/USD meanwhile was seen trading just below 0.71 as of writing. Some risk aversion may weaken AUD; there is also RBA meeting minute to watch out for this week.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9000	2.9274	2.9404	2.9660	2.9797

Source: Bloomberg, HLBB Global Markets Research

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my

DISCLAIMER

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter. HLBB may, to the extent permitted by law, buy, sell or hold significantly long or short positions; act as investment and/or commercial bankers; be represented on the board of the issuers; and/or engage in 'market making' of securities mentioned herein. The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.