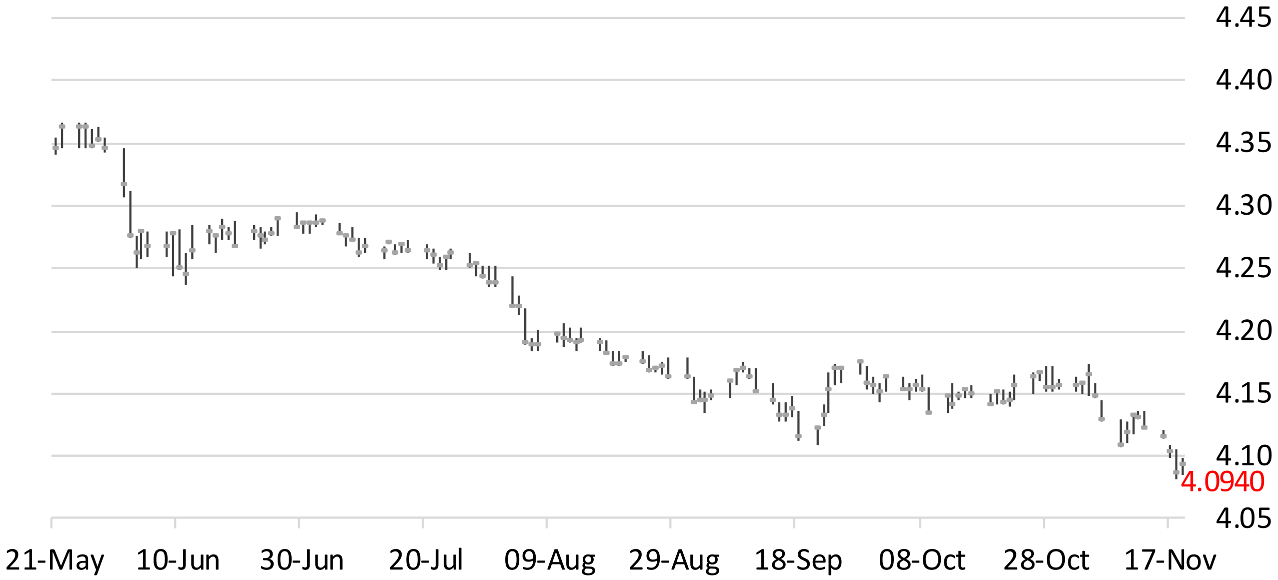
19 November 2020

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to Bullish

USD/MYR opened little changed at 4.0855 and has edged up above 4.09 as of writing. The pair has now breached 4.10 key support, paving way for more down moves and eyeing 4.08 next. We remain neutral to bearish on USD/MYR on the back of broad-based dollar weakness, but are aware that it is almost approaching an oversold level, a potential rebound might ensue if it hits 4.08.

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	4.0940	4.1200	4.1500

MYR Crosses

EUR/MYR

EUR/MYR Neutral to Bearish

EUR/MYR opened 0.4% lower at 4.8415. EUR has failed to capitalise on the weak USD, maintaining a weak momentum overall. This further pressures the EUR/MYR cross as MYR reaped vaccine news-related benefit. Markets may continue to hold back as the resurgence in Covid-19 in Europe disrupt economic recovery.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.8210	4.8300	4.8520	4.8756	4.8834

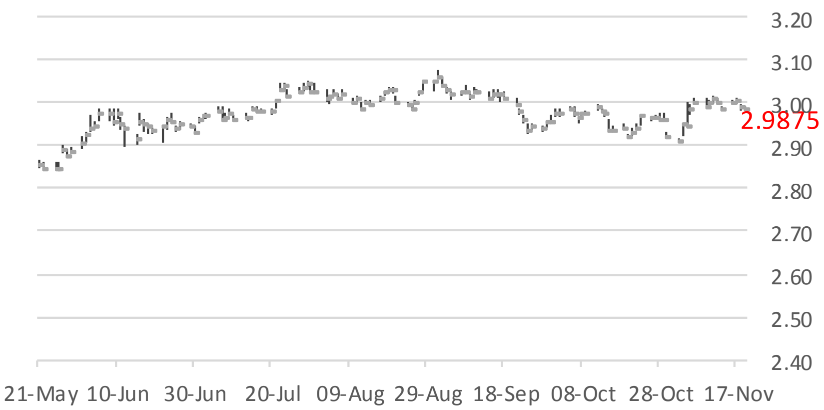
GBP/MYR

GBP/MYR Neutral to Bearish

GBP/MYR opened 0.3% lower at 5.4164 and sticks within a tight range as of writing. Pair closed lower yesterday despite better-than-expected UK CPI mainly because of a strong MYR. In the medium term, we are neutral-to-bearish on the GBP on fundamental reasons (poor recovery outlook), eyeing Brexit talks.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4000	5.4150	5.4232	5.4500	5.4632

AUD/MYR



AUD/MYR Neutral to Bearish

AUD/MYR opened 0.3% lower at 2.9823. AUD/USD was still down by 0.2% despite upbeat Australia's headline job number. Concerns over Australian-Chinese trade relation continue to weigh as well. Daily outlook is neutral to bearish partly thanks to stronger MYR.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9620	2.9798	2.9875	3.0180	3.0350

Source: Bloomberg, HLBB Global Markets Research

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