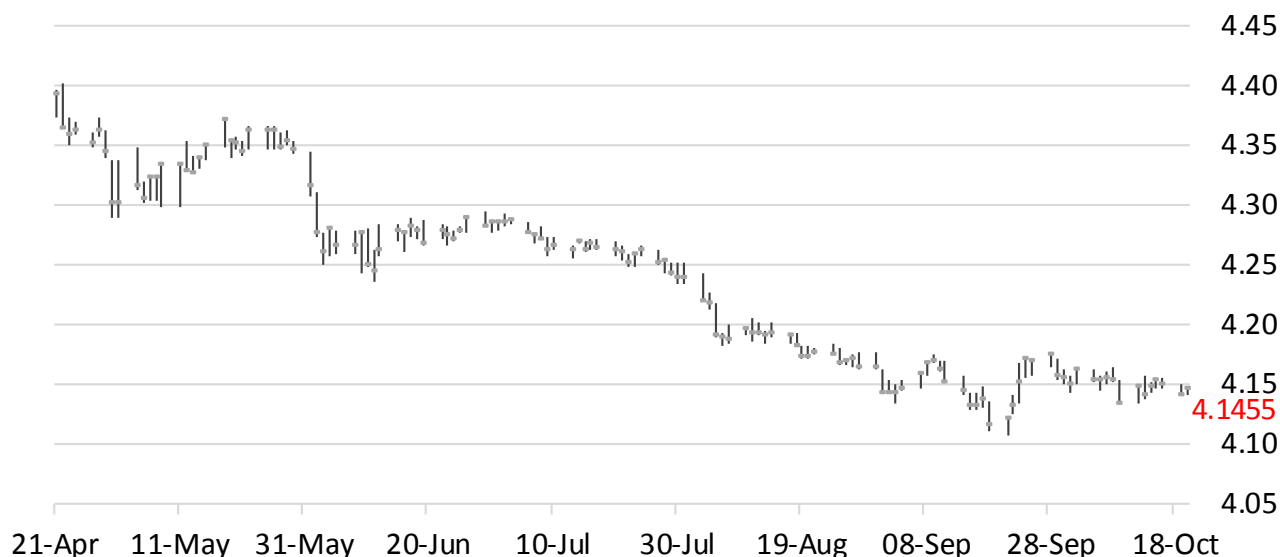


20 October 2020

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 4.1410. We remain 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 (3 Nov) which is just around the corner.

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 0.1% higher at 4.8742. Some weakness in USD is supporting the pair but we continue to expect the pair to trade on a neutral basis within 4.85-4.88 amid cautious sentiment. No change to our bearish outlook on EUR in the more medium term; 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	4.8350	4.8500	4.8780	4.8825	4.9042

GBP/MYR



GBP/MYR Neutral-to-Slightly-Bearish

GBP/MYR opened 0.4% lower at 5.3625 despite modest strength in GBP overnight. We are neutral to slightly bearish on GBP on Brexit event risk. Talks are yet 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	5.3660	5.3793	5.4000

AUD/MYR



AUD/MYR Bearish

AUD/MYR opened 0.7% lower at 2.9214. Daily outlook is bearish as RBA's dovish meeting minutes (which disclosed discussion of cutting the cash rate to 0%) suggests further monetary easing, pressuring AUD/USD to 0.7045 as of writing. AUD may underperform over the coming week or so from expectations of further RBA rate cut as soon as November.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.8705	2.9000	2.9213	2.9374	2.9563

Source: Bloomberg, HLBB Global Markets Research

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