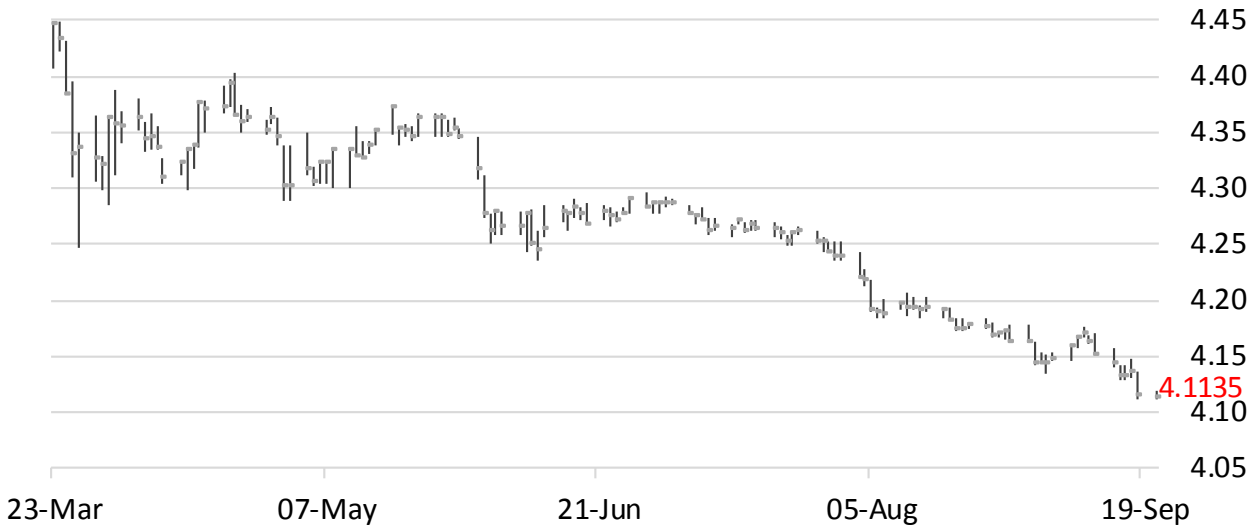


21 September 2020

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 4.1175. MYR continued to advance; and has now breached the key 4.1200 support, eyeing 4.1100 next. We stay neutral to bullish on MYR in the week ahead as there is still further chance for a down move in USD/MYR. Expect a wider range of 4.10-4.15 with FTSE Russell announcement posing some event risks.

1-Month Outlook – MYR Neutral

We see limited gains in MYR against the USD in the coming month. USD weakness may resume after some recent volatility. A sustained rebound in crude oil prices may also benefit the MYR. Still, anchored expectations in Malaysia’s overnight policy rate will likely limit against excessive gains. The economy also needs to improve further to support further MYR strength.

	S2	S1	Indicative	R1	R2
USD/MYR	4.1000	4.1100	4.1135	4.1436	4.1572

MYR Crosses

EUR/MYR



EUR/MYR Neutral to slightly bearish

EUR/MYR opened little changed at 4.8750; the weakening bias is stronger as MYR is still looking firm while EUR/USD holds steady within 1.18-1.19. The ECB is reportedly reviewing its pandemic bond buying program but this is unlikely to elicit any market movement for now. We are more bearish on EUR in the more medium term as traders significantly trimmed down their long EUR positions, indicating that a reversal is not too far-off.

a	S2	S1	Indicative	R1	R2
EUR/MYR	4.8500	4.8637	4.8772	4.8981	4.9142

GBP/MYR



GBP/MYR Bearish

GBP/MYR opened 0.5% lower at 5.3222. GBP is bearish in the short term as Brexit uncertainties continued to dominate market; as seen in the marked scale-back in long GBP position last week and the more than 3% month-to-date loss. The UK's weak economic fundamentals also pose a downside risk to the pair in the medium term.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.2763	5.3073	5.3280	5.3450	5.3714

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.3% lower at 3.0014 and is expected to stay above 3.00 as AUD/USD likely remained confined within 0.7285-0.7350 after the PBOC kept its LPR unchanged at 3.85%. In the short term, no change to view that a resilient Aussie in the 0.72-0.73 handle will likely keep the pair range-bound at 3.01-3.03.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9800	3.0000	3.0069	3.0227	3.0428

Source: Bloomberg, HLBB Global Markets Research

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