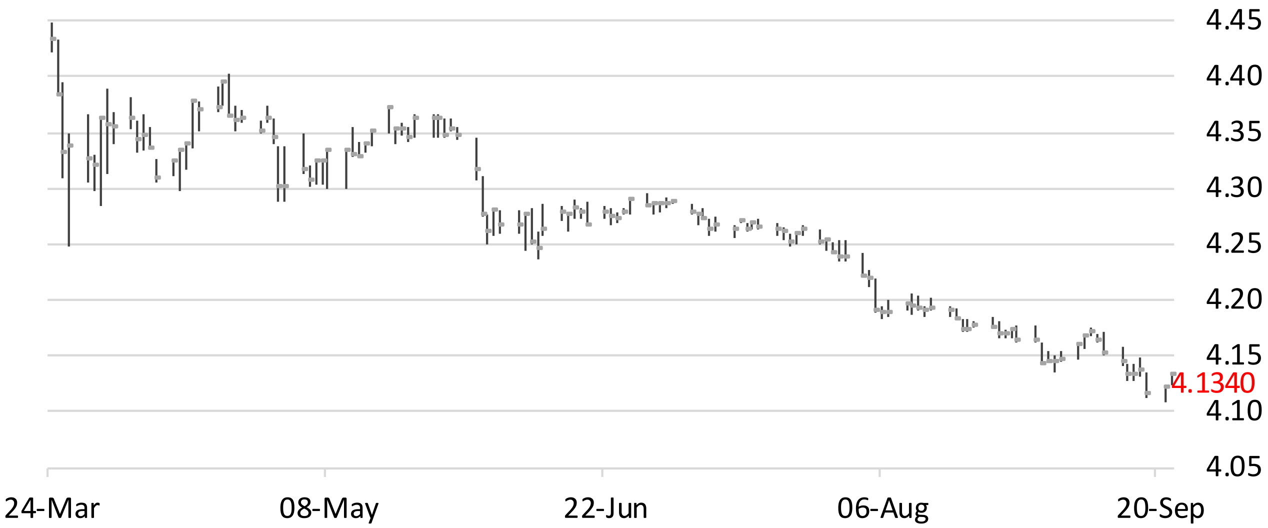
22 September 2020

Global Markets Research
Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to Bearish

USD/MYR opened 0.2% higher at 4.1320; the jump in USD overnight had pushed the pair higher today as expected given that retreating risk sentiment is likely continue to favour the dollar. We still expect a range of 4.10-4.15 for the week with FTSE Russell announcement posing some event risks on the local unit.

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	4.1340	4.1436	4.1572

MYR Crosses

EUR/MYR

EUR/MYR Neutral to Bearish

EUR/MYR opened 0.2% lower at 4.8491 after EUR was weighed down by USD strength. As of writing, EUR/MYR has regained footing, holding steady circa 4.86 as MYR caught up with overnight market movement. We remain 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. Tuesday's COT report would shed more light.

a	S2	S1	Indicative	R1	R2
EUR/MYR	4.8300	4.8500	4.8632	4.8826	4.8981

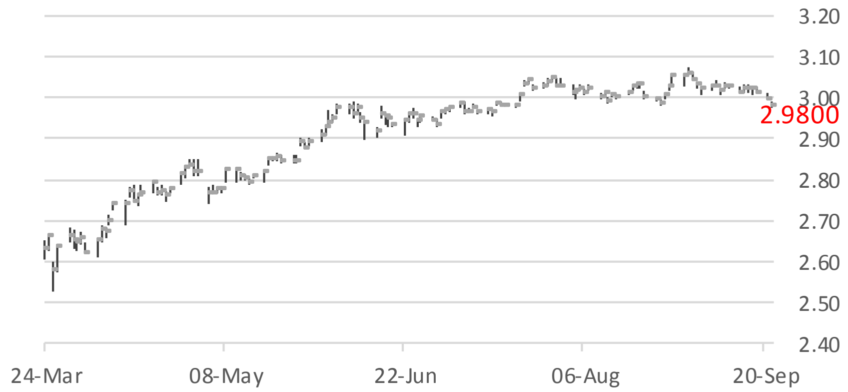
GBP/MYR

GBP/MYR Bearish

GBP/MYR opened 0.1% lower at 5.2836; similarly the weak MYR helped push the pair higher to just below 5.30. Maintain view that GBP is bearish in the short term as Brexit uncertainties continued to dominate market; concerns of another lockdown alongside already weak fundamentals pose downside risk to the pair in short and medium term.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.2494	5.2763	5.2965	5.3200	5.3450

AUD/MYR



AUD/MYR Neutral to Bearish

AUD/MYR opened 0.6% lower at 2.9799, catching up with weaker AUD overnight and in part on RBA deputy governor Dabelle's remark on possible FX intervention. Pair broke below 3.00 for the first time since late Aug; Despite Dabelle's comment, RBA has remained optimistic over recovery outlook, thus a recovery of global risk sentiment could send the pair back above 3.00.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9300	2.9575	2.9800	3.0041	3.0227

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