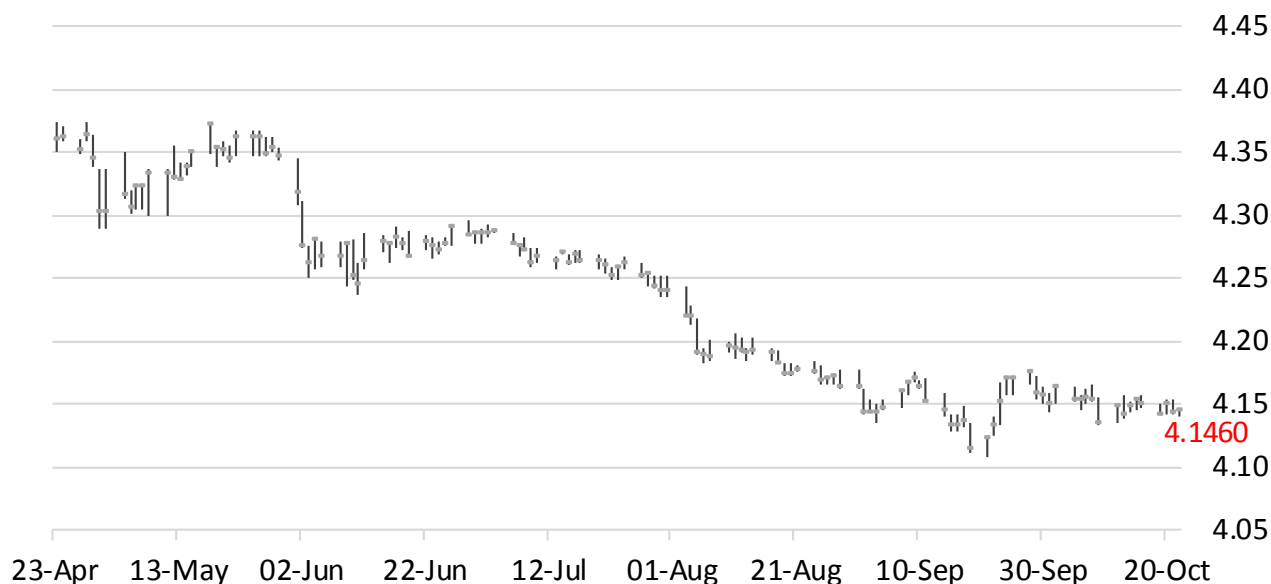


22 October 2020

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to Bullish

USD/MYR little changed at 4.1403 after closing lower in the previous session. The weakness in USD persists and is posing downside risk to our neutral outlook on USD/MYR this week; we turn slightly bearish on the pair today as the dollar is likely to remain under pressure, possibly breaking below 4.14, within a potentially wide range of 4.13-4.17 this week given that USD is subject to volatility amid stimulus talks uncertainty and ahead of the US election (3 Nov) which is just around the corner.

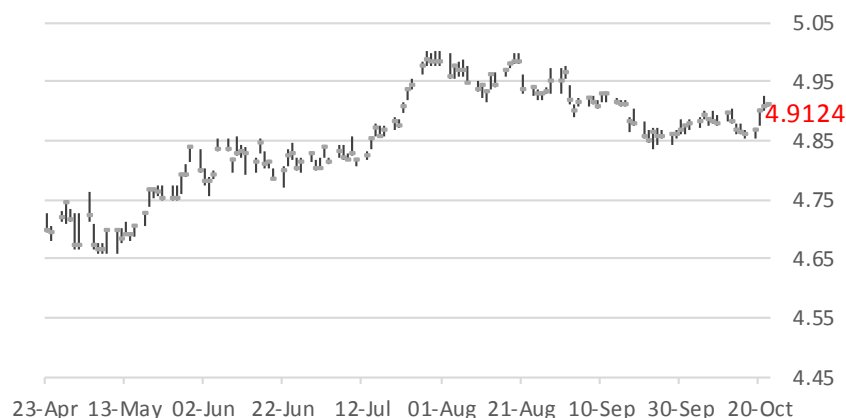
1-Month Outlook – MYR Bearish

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	4.1460	4.1600	4.1800

MYR Crosses

EUR/MYR



EUR/MYR Neutral to Bullish

EUR/MYR opened little changed at 4.9104. Short term outlook is for a more bullish movement as persistent USD weakness is driving EUR stronger with EUR/USD now eyeing 1.19 next. No change to our bearish outlook on EUR in the more medium term as we expect markets to continue trimming EUR long position coupled with poorer economic recovery prospect.

a	S2	S1	Indicative	R1	R2
EUR/MYR	4.8540	4.8823	4.9124	4.9159	4.9350

GBP/MYR



GBP/MYR Neutral to Bullish

GBP/MYR opened 0.7% higher at 5.4397 after the sterling led the gains among major currencies following the resumption of Brexit talks. This leads to our slightly bullish call on the GBP. However, some reversal disappointments may push the pair down again; we are cautious of any development/breakthrough or even breakdown, hence expect the pair to be subjected to volatility.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.3949	5.4167	5.4482	5.4586	5.4780

AUD/MYR



AUD/MYR Neutral to Bearish

AUD/MYR opened 0.4% higher at 2.9436. Daily outlook is neutral to bearish as AUD/USD consolidates above 0.71, unmoved by RBA Dabell's speech. In the short term, we fear that some risk aversion may weaken the AUD. AUD may also 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	2.8800	2.9167	2.9453	2.9558	2.9732

Source: Bloomberg, HLBB Global Markets Research

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damansara

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my

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