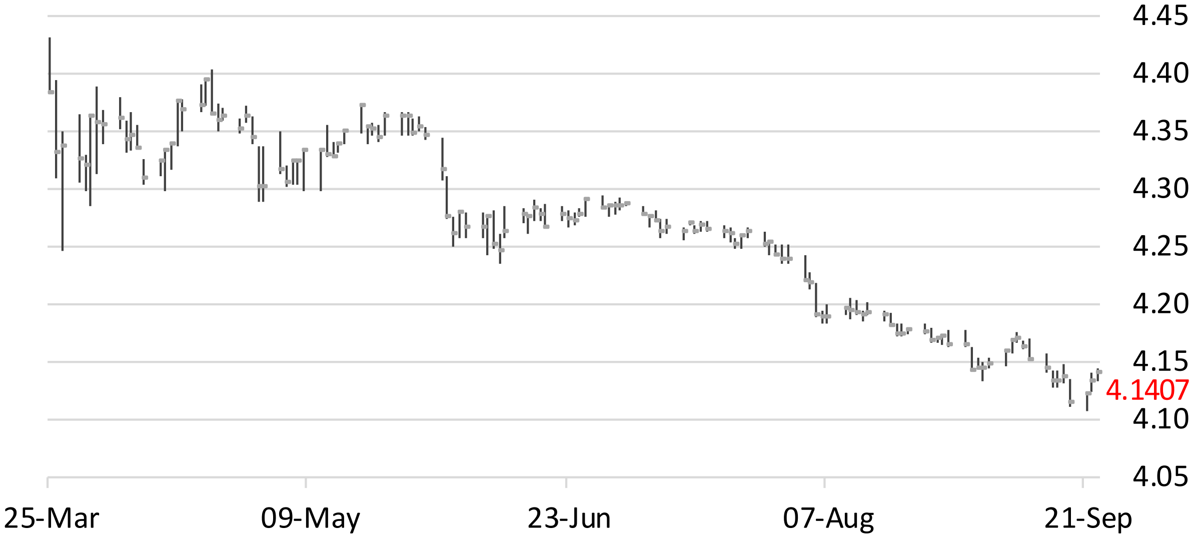
23 September 2020

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to Bearish

USD/MYR opened little changed at 4.1337; USD continued to firm up amid cautious sentiment. This post downside risk to our weekly range of 4.10-4.15 as the pair is now trading above 4.14, aiming for 4.15 next. Thursday's FTSE Russell announcement remains a key event risk.

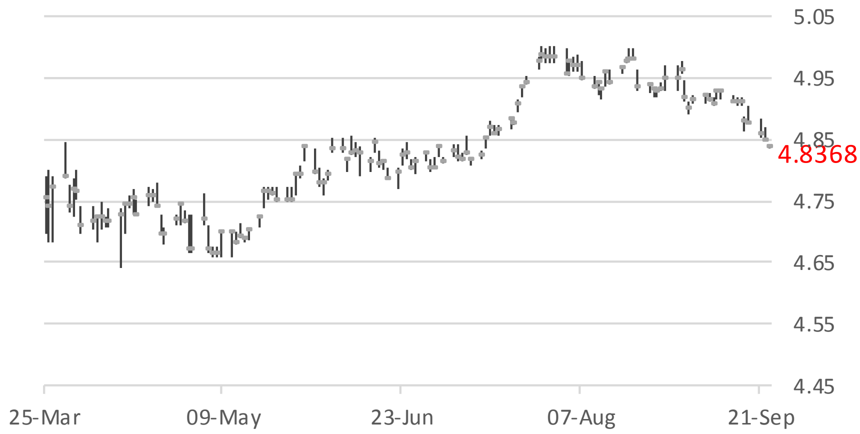
1-Month Outlook – MYR Neutral

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	4.1407	4.1436	4.1572

MYR Crosses

EUR/MYR

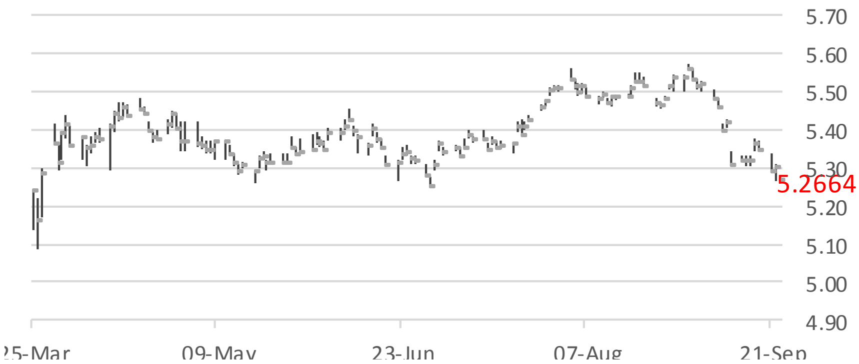


EUR/MYR Neutral to Bearish

EUR/MYR opened 0.3% lower at 4.8377, as dollar strength continued to weigh on the single currency. No change to our bearish outlook in EUR in the more medium term as traders significantly trimmed down their long EUR positions, indicating that a reversal is not too far-off. Higher cases in Europe also trigger renewed concerns of stricter social distancing rules which could hamper the weak recovery. We look towards latest PMI as well as FX positioning data for more guidance.

a	S2	S1	Indicative	R1	R2
EUR/MYR	4.8150	4.8300	4.8368	4.8826	4.8981

GBP/MYR

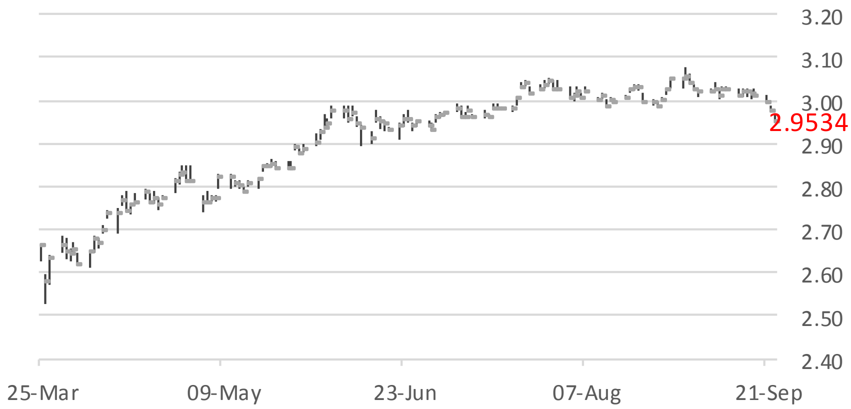


GBP/MYR Bearish

GBP/MYR opened 0.7% lower at 52658; this comes after GBP weakened significantly against a stronger USD after UK government reversed lifting on some lockdown measures and encourage workers to work from home. Maintain view that GBP is bearish in the short and more medium term on the back of Brexit uncertainties and poor recovery prospect.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.2300	5.2494	5.2664	5.3000	5.3200

AUD/MYR



AUD/MYR Neutral to Bearish

AUD/MYR opened 0.6% lower at 2.9640 as stronger USD and cautious sentiment dragged down AUD, not to mention RBA deputy governor Dabelle's remark on possible FX intervention. Firmer USD is likely to weigh on AUD in the short term. Nonetheless, RBA has remained optimistic over recovery outlook, thus an improvement of global risk sentiment could see another upward reversal.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9000	2.9300	2.9534	2.9800	3.0000

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