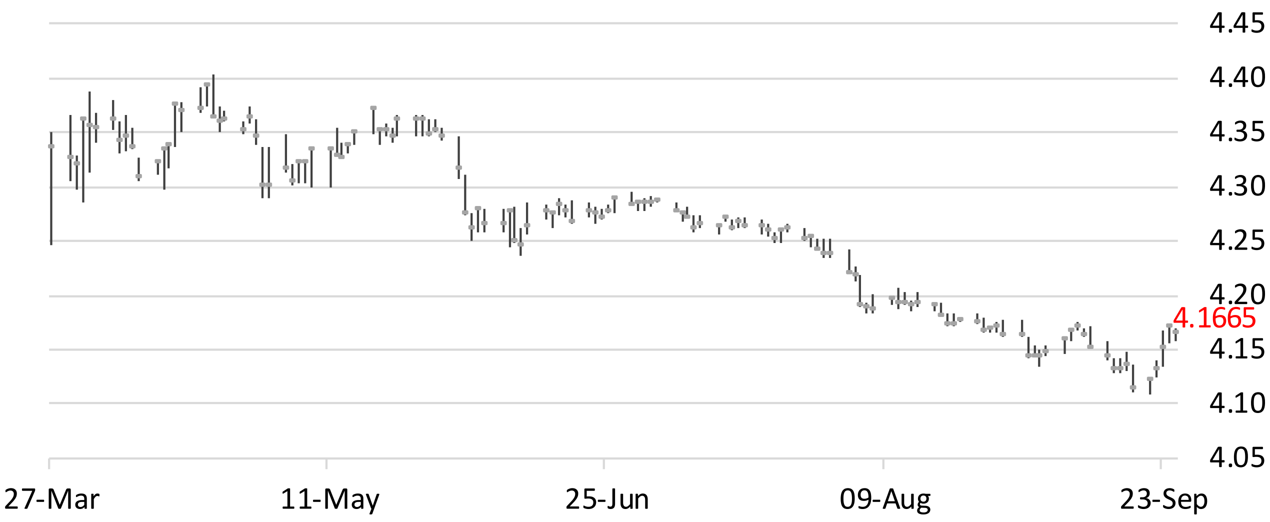
25 September 2020

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to Bullish

USD/MYR opened 0.3% lower at 4.1575. This comes after USD holds steady amid cautious sentiment and after FTSE Russell's decision to keep Malaysia on the watch list for possible exclusion from the WGBI index. Daily outlook is neutral to bearish for USD/MYR but we expect the pair to stay neutral to slightly bullish next week in anticipation of a sustained USD and domestic political uncertainties. Bullish momentum is picking up and USD/MYR looks set to head towards the upper Bollinger band of 4.1834 if it breaches the 4.18 handle.

1-Month Outlook – MYR bearish

We turn bullish on USD/MYR expecting USD strength to sustain at least until November's general election. Lacklustre recovery and especially slower job growth pose downside risk to this view, 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	4.1405	4.1510	4.1665	4.1800	4.2000

MYR Crosses

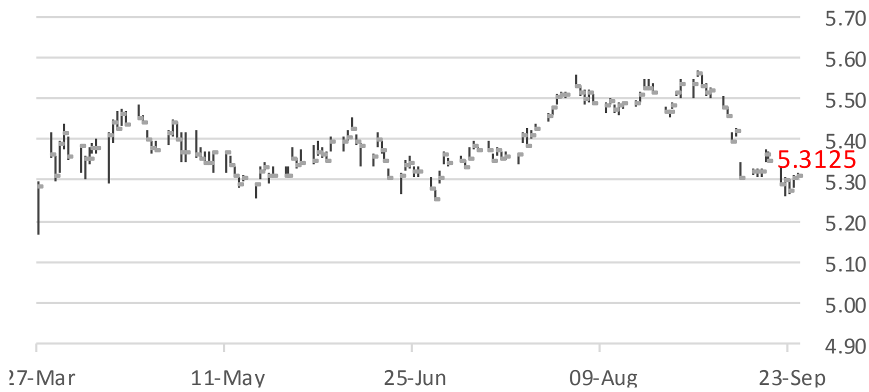
EUR/MYR

EUR/MYR Neutral

EUR/MYR opened 0.1% higher at 4.8612 and is expected to retain its current neutral bias amid cautious global sentiment. No change to our bearish outlook in EUR in the more medium term over expectation that the long EUR position could be trimmed down further. Recently higher cases in Europe also trigger renewed concerns of stricter social distancing rules which could hamper the weak recovery especially in the services sector. We look towards tonight's positioning data for guidance.

a	S2	S1	Indicative	R1	R2
EUR/MYR	4.8150	4.8300	4.8621	4.8837	4.9159

GBP/MYR

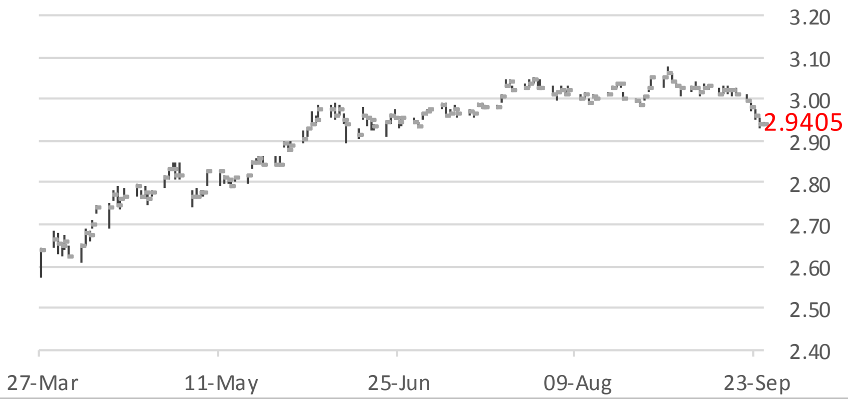


GBP/MYR Neutral

GBP/MYR opened little changed at 5.3112 as GBP has now stabilized after the recent losses. No change to our view that GBP is bearish in the short and more medium term on the back of Brexit uncertainties and poor recovery prospect. The UK has recorded its highest single-day new cases, which could trigger more containment measures on the part of the government.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.2494	5.2632	5.3125	5.3187	5.3350

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened unchanged at 2.9383 and is continuing to trade steadily in a quiet market. 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 in the more medium term.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9000	2.9300	2.9405	2.9800	3.0000

Source: Bloomberg, HLBB Global Markets Research

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