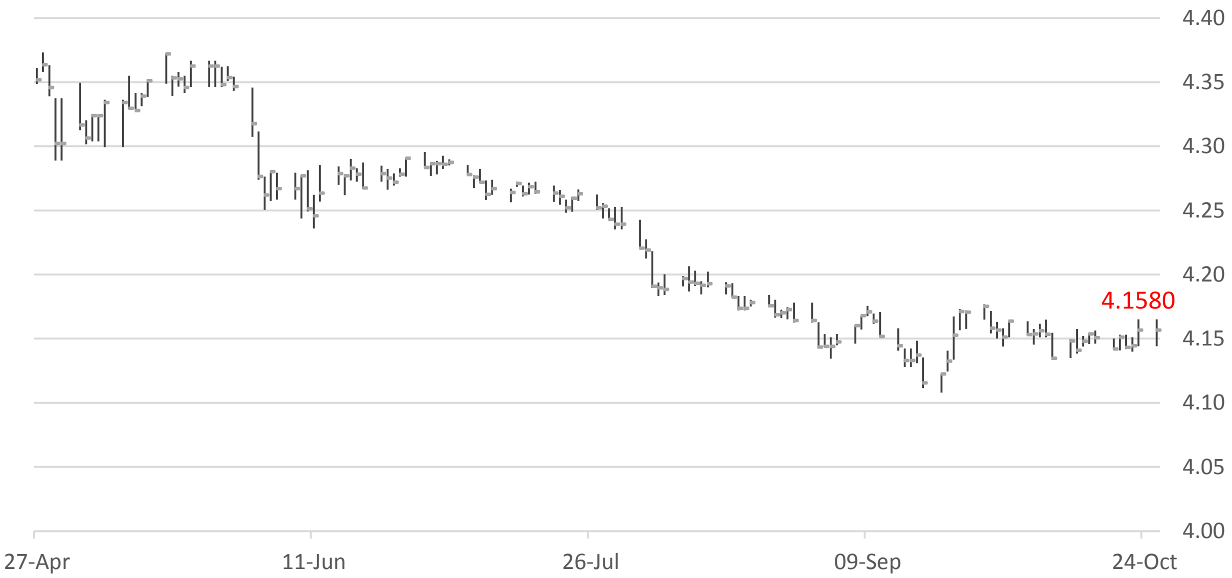
26 October 2020

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to Bearish

USD/MYR opened lower but bounced back up, trading around 4.1580 at time of writing. We are bullish on USDMYR today following a firming USD in Asian trading this morning, not forgetting noises on the domestic political front. That said, US stimulus talks, Covid-19 development and general election would likely expose the USD to more volatility in the near term.

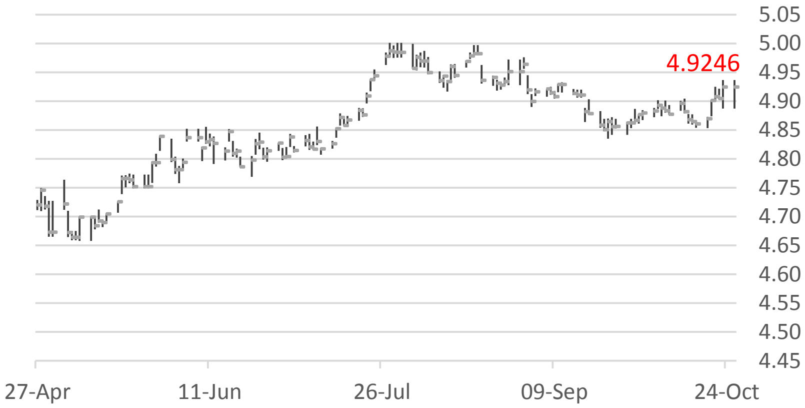
1-Month Outlook – MYR Bearish

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	4.1400	4.1485	4.1580	4.1640	4.1700

MYR Crosses

EUR/MYR

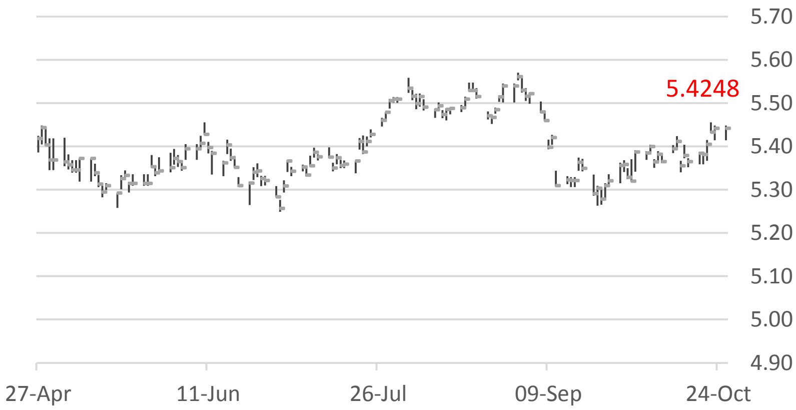


EUR/MYR Neutral

EUR/MYR opened little changed at 4.9249 and has since traded sideways this morning. EUR/USD has retreated from recent high and is seen trading weaker this morning amid a firmer USD. Daily outlook is neutral for now on the back of cautious sentiment.

a	S2	S1	Indicative	R1	R2
EUR/MYR	4.9010	4.9089	4.9246	4.9368	4.9414

GBP/MYR

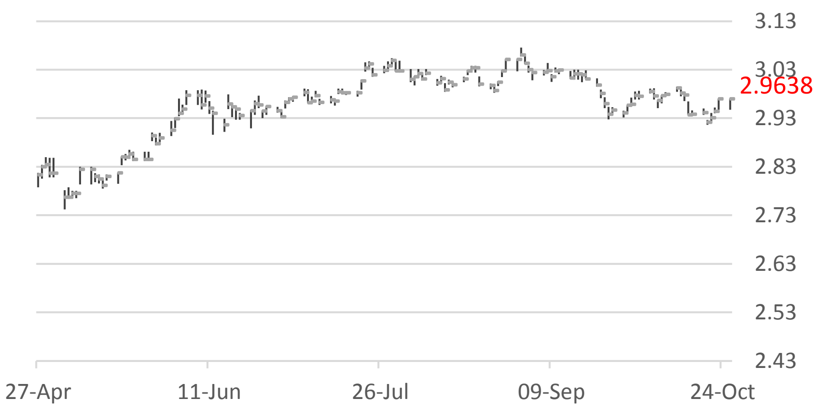


GBP/MYR Neutral to Bearish

GBP/MYR opened 0.29% lower at 5.4257 as the brief reprieve in the sterling following postponement in Brexit deadline to 28-Oct fails to hold water. The sterling is seen under pressure this morning and this, coupled with the lower opening, underpin our neutral to bearish call on GBPMYR today. We however remain cautious of any development/ breakthrough or even breakdown, hence expect the pair to be subjected to volatility.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4030	5.4115	5.4248	5.4354	5.4405

AUD/MYR



AUD/MYR Neutral to Bearish

AUD/MYR opened 0.20% lower at 2.9643. Daily outlook is neutral to bearish as resumption of risk aversion is dampening the Aussie, potentially pushing it below the 0.71 handle. 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	2.9439	2.9548	2.9638	2.9707	2.9960

Source: Bloomberg, HLBB Global Markets Research

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