

27 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 slightly lower and was seen trading in a volatile manner but within a 60pips move thus far. Resumption of USD gains as well as ongoing political uncertainties locally are expected to pressure the MYR, hence our neutral to bearish MYR outlook today. Over the next week, we expect the pair to test the 4.1700-4.1760 ranges, with BNM MPC meeting and domestic political noises, US stimulus talks and upcoming election jitters remaining as the key influences for the pair 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	4.1485	4.1540	4.1640	4.1700	4.1760

MYR Crosses

EUR/MYR



EUR/MYR Neutral

EUR/MYR opened little changed at 4.9160 and has been bouncing up and down within a tight c.80pips this morning. EUR/USD has retreated from recent high but has seen some signs of stabilization this morning. Daily outlook is neutral for now on the back of lingering risk aversion in the markets.

a	S2	S1	Indicative	R1	R2
EUR/MYR	4.9010	4.9089	4.9236	4.9368	4.9414

GBP/MYR



GBP/MYR Neutral

GBP/MYR opened only slightly lower at 5.4182 and is trading at 5.4289 at time of writing. GBP/USD has been holding on firm this morning despite overall subdued market sentiments. We remain cautious of any development/breakthrough or even breakdown, that could exert downward pressure on the pair.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4030	5.4115	5.4289	5.4354	5.4405

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.15% lower at 2.9625 but has since bounced higher amid a strengthening Aussie. Daily outlook is neutral as we expect overall sentiments to stay cautious. AUD may however 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	2.9669	2.9707	2.9960

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**DISCLAIMER**

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter. HLBB may, to the extent permitted by law, buy, sell or hold significantly long or short positions; act as investment and/or commercial bankers; be represented on the board of the issuers; and/or engage in 'market making' of securities mentioned herein. The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.