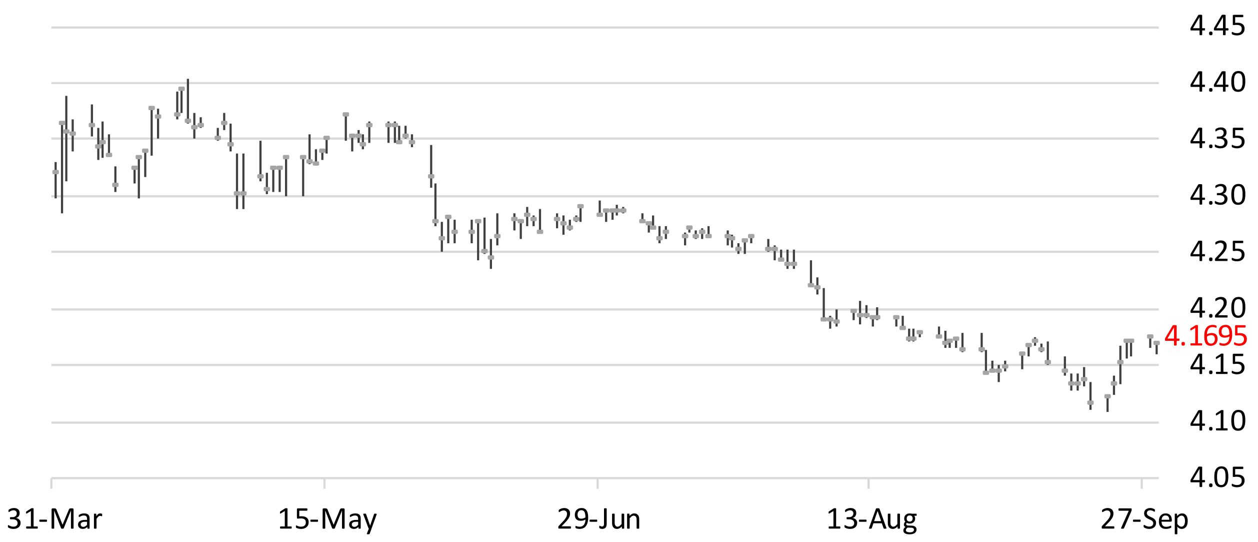
29 September 2020

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to Bearish

USD/MYR opened 0.3% lower at 4.1625. No change to our view that we expect the pair to stay neutral to slightly bullish for the week ahead in anticipation of a sustained USD strength 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.

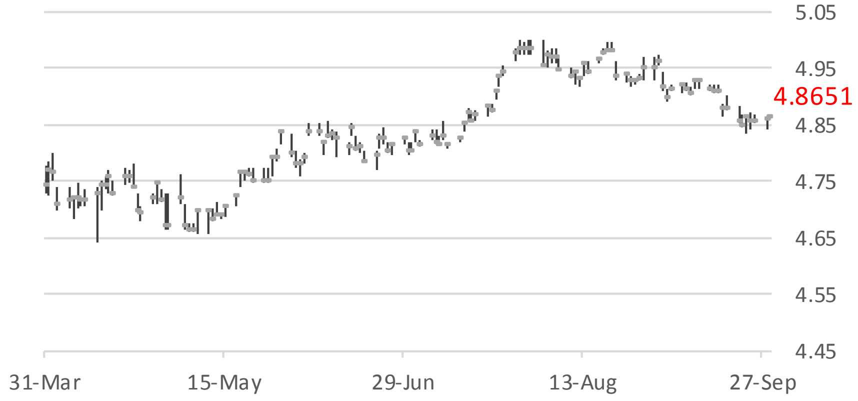
1-Month Outlook – MYR Bearish

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	4.1695	4.1800	4.2000

MYR Crosses

EUR/MYR



EUR/MYR Neutral

EUR/MYR opened 0.2% higher at 4.8697, tracking the stronger EUR overnight as dollar strength took a temporary break. No change to our bearish outlook in EUR in the more medium term over sustained USD strength; Recently higher cases in Europe also trigger renewed concerns of stricter social distancing rules which could hamper the already weak recovery especially in the services sector.

a	S2	S1	Indicative	R1	R2
EUR/MYR	4.8150	4.8350	4.8651	4.8873	4.9054

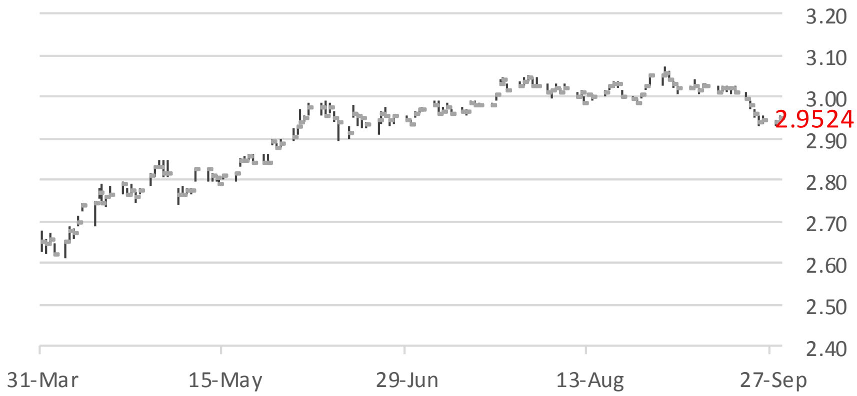
GBP/MYR

GBP/MYR Neutral

GBP/MYR opened 0.2% higher at 5.3683, catching up with the gain in GBP overnight. Pair has since then slipped below 5.36 as the recent bullish momentum is likely temporary in the face of sustained USD strength. 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. Focus is more on the resumption of Brexit talks today.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.3000	5.3350	5.3552	5.3848	5.4000

AUD/MYR



AUD/MYR Neutral to Bullish

AUD/MYR opened 0.6% higher at 2.9575 after AUD became among the top gainers overnight thanks to firmer sentiment and recovering oil prices. This is in line with our current view that firmer risk sentiment could easily push AUD/USD back into bid tone. Nonetheless AUD is still susceptible to a sustained USD strength. In the more medium term, we view RBA's more optimistic recovery outlook as a factor holding up the Aussie dollar.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9000	2.9300	2.9524	2.9800	3.0000

Source: Bloomberg, HLBB Global Markets Research

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