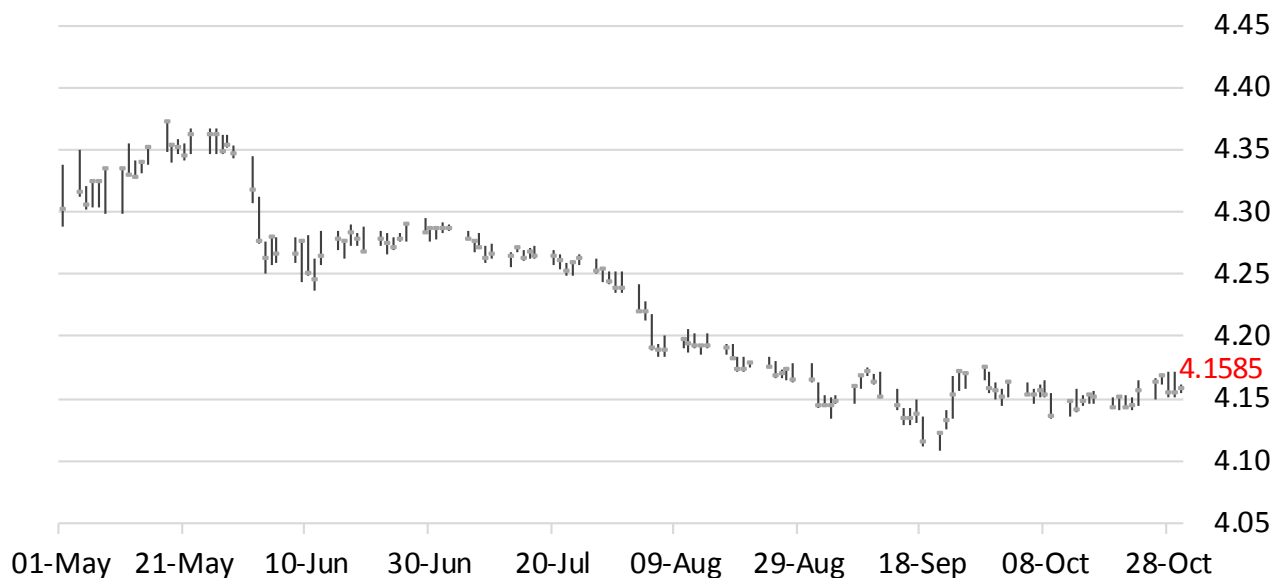


30 October 2020

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Bearish

USD/MYR opened 0.1% higher at 4.1595 today. Daily outlook for USD/MYR is bullish as markets are likely to sell the local unit and buy USD in anticipation of an eventful week ahead which involves mainly the US election as well as BNM OPR decision and the tabling of 2021 Malaysian budget on the local front, not to mention several global central bank meetings. Increasing chatters of possibility of an OPR cut next week just ahead of the national budget tabling coupled with global event risks are expected to keep MYR under pressure, potentially breaking the 4.17 handle.

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	4.1585	4.1700	4.1760

MYR Crosses

EUR/MYR



EUR/MYR Neutral to Bearish

EUR/MYR opened 0.6% lower at 4.8518 and has recovered slightly to above 4.86 as of writing. This comes amid extended strength in the USD amid haven positioning and dovish remarks by the ECB. Outlook is neutral to bearish for now on the back of poor fundamentals as resurgence of Covid-19 in Europe post severe downside risk to the single currency in the short-to-medium term.

a	S2	S1	Indicative	R1	R2
EUR/MYR	4.8350	4.8480	4.8609	4.8792	4.8923

GBP/MYR



GBP/MYR Neutral to Bearish

GBP/MYR opened 0.6% lower at 5.3721, catching up with the weaker sterling overnight. Risk aversion and weak UK fundamentals are likely to weigh on GBP in the short term as markets now braced for next week's volatility. We remain cautious of any Brexit development/ breakthrough or even breakdown that could exert downward pressure on the pair.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.3500	5.3678	5.3797	5.4070	5.4167

AUD/MYR



AUD/MYR Neutral to Bearish

AUD/MYR opened 1.3% lower at 2.9237 on the back of risk aversion and falling oil prices. Short term outlook is neutral to bearish for now as markets look towards next week's RBA meeting where consensus is pointing to 15bps cut in the cash rate (from 0.25% to 0.10%).

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9000	2.9167	2.9323	2.9480	2.9558

Source: Bloomberg, HLBB Global Markets Research

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