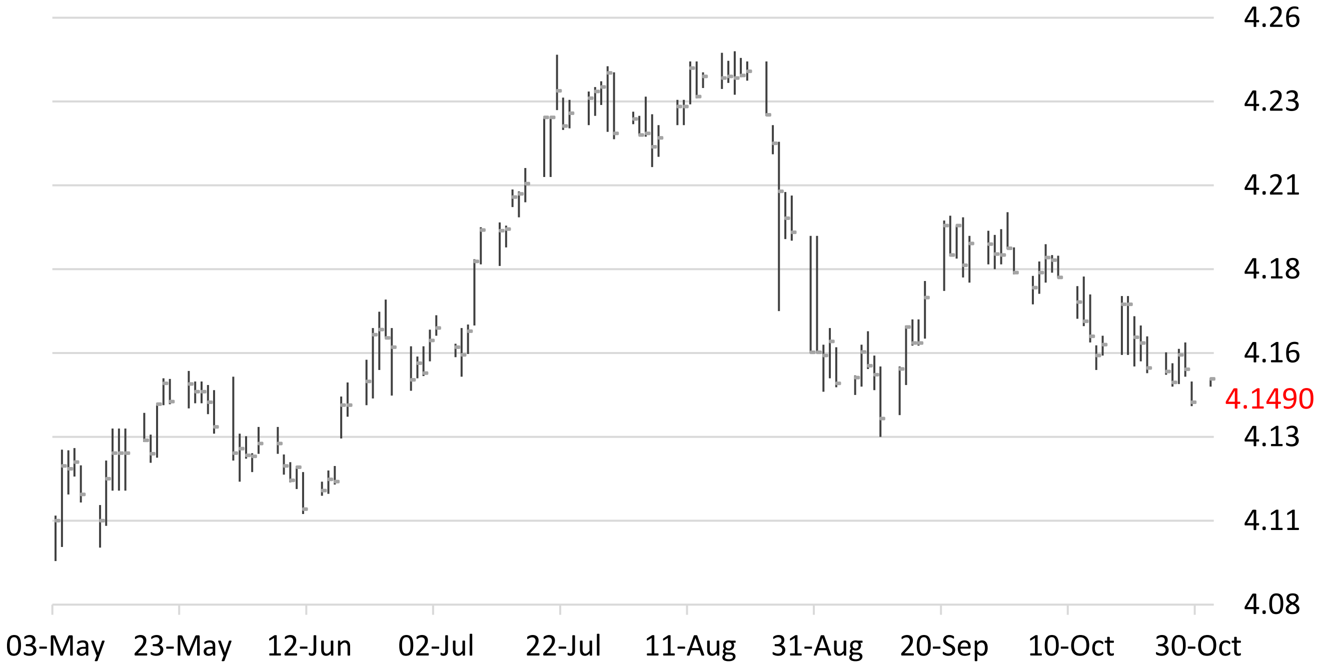
1 November 2021

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened 0.1% higher at 4.1450 and climbed higher to near 4.1500 as of writing. We expect the pair to remain neutral in the week ahead with a weekly range of 4.13-4.17 supported by expectations of a sustained recovery story of the Malaysian economy that will likely result in neutral BNM rhetoric in the upcoming MPC meeting on 3 November.

1-Month Outlook – MYR Bullish

We expect the MYR to be relatively resilient in the medium term, taking into account further economic recovery after the government relaxed more Covid-19 related restrictions. This is also supported by our view that the broader USD is also expected to strengthen modestly as the Federal Reserve's policy normalization pace is conducted less aggressively compared to other global central banks.

	S2	S1	Indicative	R1	R2
USD/MYR	4.1200	4.1350	4.1490	4.1600	4.1715

MYR Crosses

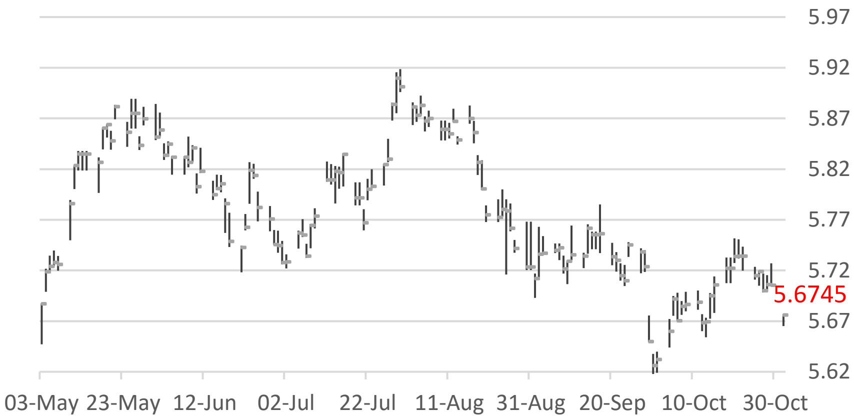
EUR/MYR

EUR/MYR Neutral to Bearish

EUR/MYR opened 0.8% lower at 4.7846 this morning after the euro's intense selloff last Friday. EUR/USD continues to trade on a bearish note in the Asian session, targetting the yearly low of 1.1524, after which a short-term recovery may ensue. The expectations for a Fed tapering announcement coming Thursday does not bode well for the single-currency while an upside surprise of tonight's US ISM data may also further dampen EUR.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.7700	4.7850	4.7944	4.8050	4.8178

GBP/MYR



GBP/MYR Neutral

GBP/MYR opened 0.7% lower at 5.6650 but rebounded to circa 5.6750 as of writing. The strong USD effect may wane on the GBP as market anticipates the BOE's rate hike announcement this week. Money market has priced in an aggressive BOE move, expecting at least two hikes by 1Q next year. A less optimistic growth outlook by the BOE may pull back this view (thus GBP) while rising Brexit tension poses downside risks too. The sharply lower opening this morning may however cap gains in the pair today, hence our neutral outlook.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.6180	5.6540	5.6747	5.6847	5.7000

AUD/MYR

AUD/MYR Neutral to Slightly Bullish

AUD/MYR opened 0.3% lower at 3.1125. AUD/USD remained supported above 0.7500 as China's Caixin Manufacturing PMI beat expectations to show an expansion. We are neutral to slightly bullish on AUD/MYR, awaiting the RBA's policy decision tomorrow amid speculations that it may ditch its yield curve control following the recent bond market rout that saw the RBA choosing to not defend its 3Y yield target.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0897	3.1000	3.1137	3.1300	3.1500

Source: Bloomberg, HLBB Global Markets Research

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