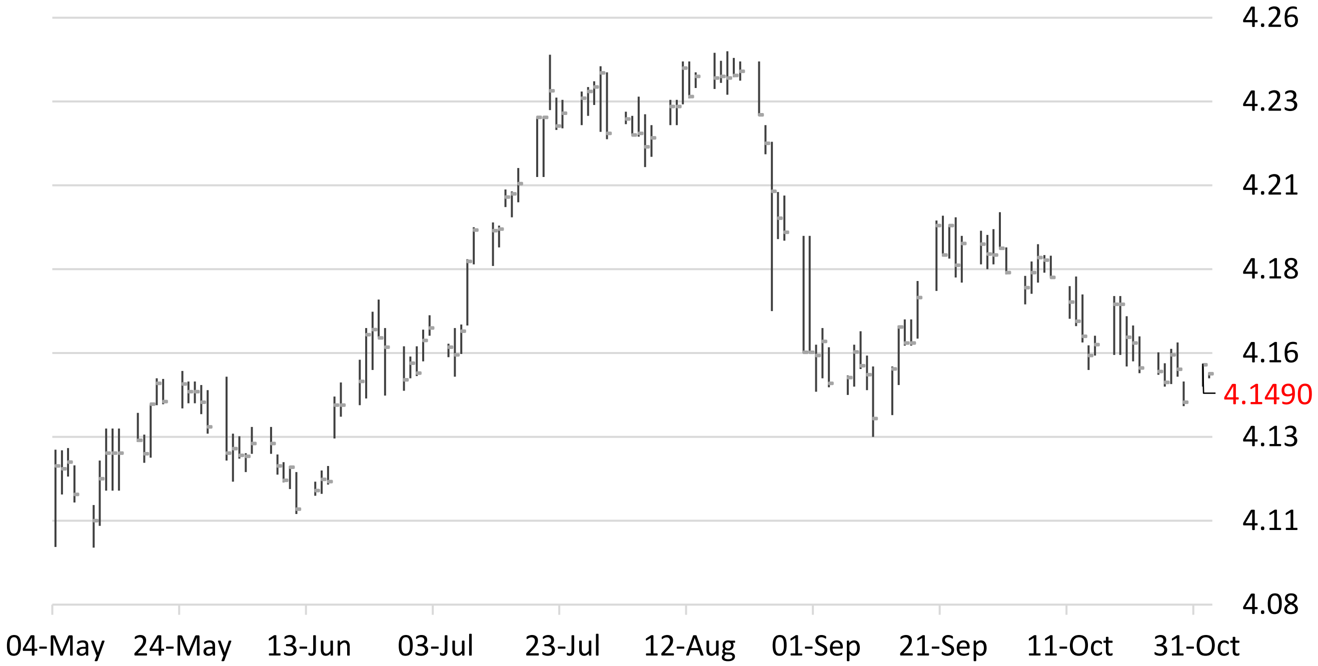
2 November 2021

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened 0.1% lower at 4.1475 and trades just below 4.1500 as of writing. We expect the pair to remain neutral this week 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 MPC meeting tomorrow.

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

EUR/MYR opened 0.3% higher at 4.8156. EUR/USD rode on the broad USD weakness, advancing from the near-yearly low levels to a tad below 1.1600 as of writing. The euro is expected to trade on a muted note today amid mixed sentiment, in the absence of key data and in anticipation for the Fed's tapering announcement on 03 November.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.7850	4.8000	4.8116	4.8300	4.8500

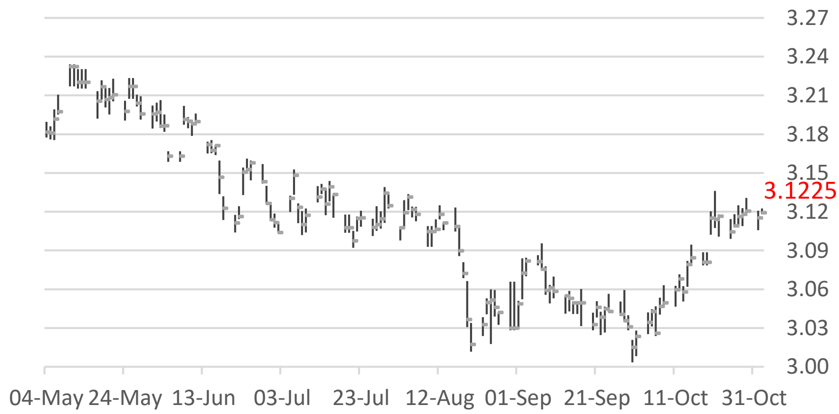
GBP/MYR

GBP/MYR Neutral

GBP/MYR opened little changed at 5.6689. GBP weakened modestly overnight amid growing Brexit tensions despite rate hike expectations. We are neutral on the GBP/MYR on mixed sentiments. Money market has priced in an aggressive BOE move, expecting at least two hikes by 1Q next year. A less optimistic growth outlook or a push-back on more tightenings by the BOE may pull back this view (thus GBP) while rising Brexit tension continues to pose downside risks too.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.6400	5.6540	5.6620	5.6847	5.7000

AUD/MYR



AUD/MYR Neutral to Slightly Bullish

AUD/MYR opened 0.2% higher at 3.1221. We are neutral to slightly bullish on AUD/MYR, awaiting the RBA's policy decision later 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	3.1000	3.1150	3.1225	3.1300	3.1500

Source: Bloomberg, HLBB Global Markets Research

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