7 October 2021

Global Markets Research

Mid-day Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened little changed at 4.1830 and is expected to continue its steady course today. MYR has been holding up relatively well despite recent USD strength, rendering it one of the better performing Asian currencies in the region. Rally in commodity prices, both oil and CPO, is expected to bode well with prospects of the Malaysian economy, and is supportive of the MYR near term. We maintain our neutral USD/MYR outlook, continue to eye a trading range of 4.16-4.20 for the week.

1-Month Outlook – MYR Bearish

We are bearish on MYR, expecting USD/MYR to correct from the current low back to circa 4.20-4.23 levels especially after the Fed hinted it may start to taper its asset purchase program this year, even as the headlines surrounding Malaysia's pandemic situation have turned more positive.

	S2	S1	Indicative	R1	R2
USD/MYR	4.1600	4.1710	4.1795	4.1900	4.2000

MYR Crosses

EUR/MYR

EUR/MYR Neutral

EUR/MYR opened 0.11% higher at 4.8432. EUR/USD continued to trade on a bearish note below 1.16 amid USD strength. It has now broken the 1.1580 support, suggesting further move lower. Cautiousness ahead of the US key job data, however, may constrain movement. EUR/MYR remains neutral in our view, trading within a tight range for now in the absence of fresh catalysts.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.8000	4.8148	4.8307	4.8558	4.8794

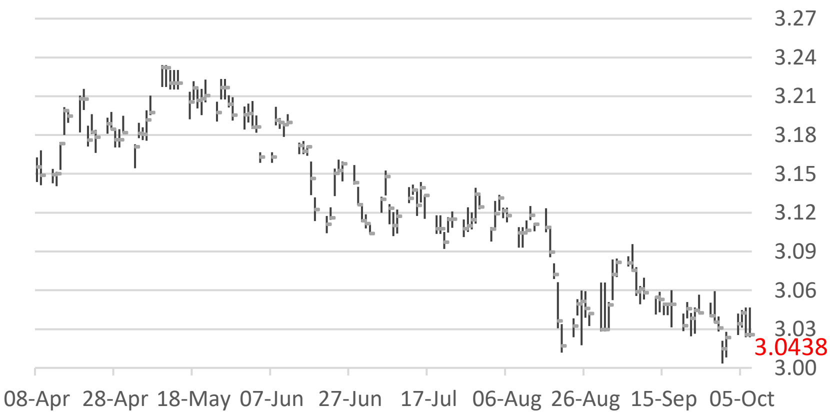
GBP/MYR

GBP/MYR Neutral to Slightly Bullish

GBP/MYR opened 0.28% higher at 5.6862. Recovery attempts by the sterling remained futile, set back by further rally in the greenback overnight. BOE rate hike expectations, however, is expected to provide some support to the sterling. We maintain a neutral to bullish outlook for GBP/MYR, taking into account a stronger GBP and a relatively steady MYR outlook.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.6498	5.6589	5.6814	5.6933	5.7114

AUD/MYR



AUD/MYR Neutral to Slightly Bullish

AUD/MYR opened 0.69% higher at 3.0466. AUD/USD was quick to recover from the RBNZ-triggered selling. Improved risk sentiments stemming from US debt ceiling hope will likely be positive for the Aussie today, hence our neutral to slightly bullish AUD/MYR outlook today.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0036	3.0155	3.0438	3.0495	3.0600

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