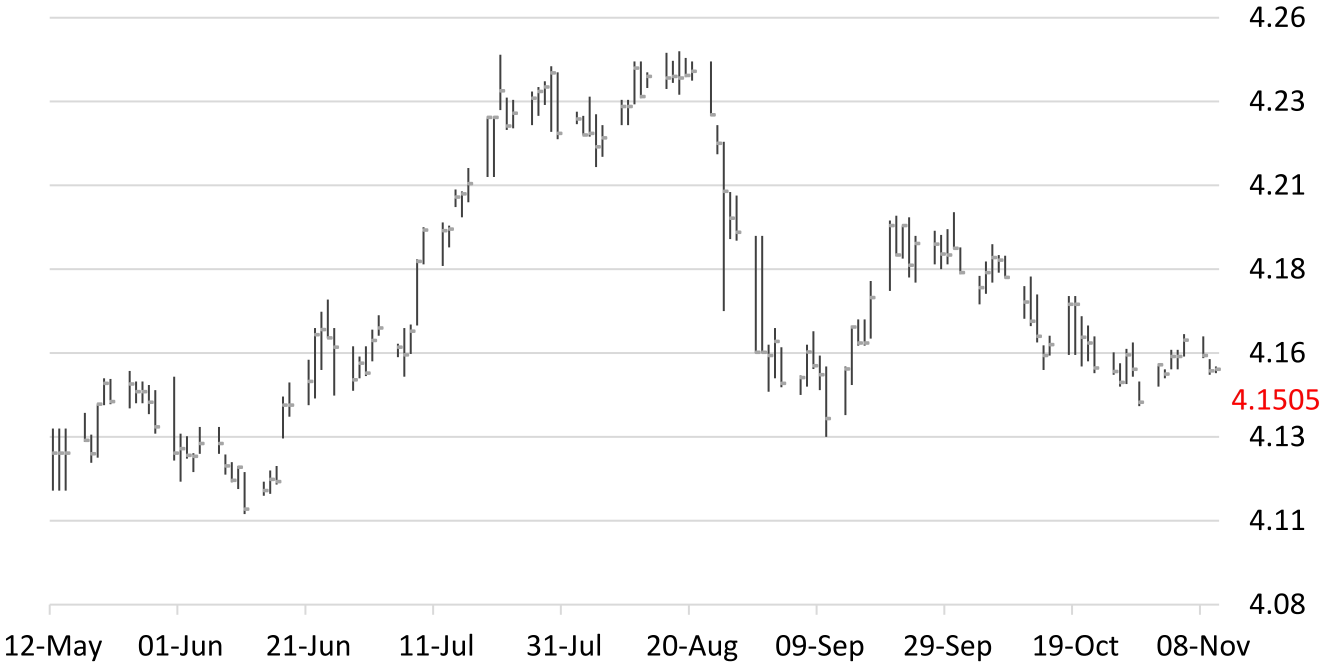
10 November 2021

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 4.1505. We continue to expect a neutral outlook for the pair in the week ahead in the run-up to the release of Malaysia 3Q GDP numbers on Friday. We are pencilling a small GDP contraction triggered by the lockdown measures and expect USD/MYR to trade within 4.14-4.18 this week.

1-Month Outlook – MYR Neutral

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	4.1505	4.1700	4.1800

MYR Crosses

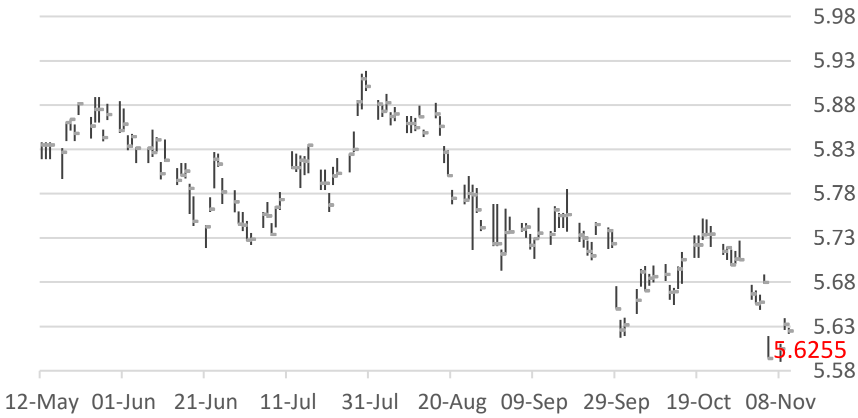
EUR/MYR

EUR/MYR Neutral

EUR/MYR opened unchanged at 4.8121. EUR/USD remained steady amid USD weakness. We maintain the neutral outlook for EUR/MYR today with the immediate support remaining at 4.8000 in anticipation for the US CPI data. Analysts are expecting a steep 5.9% y/y surge in US headline inflation after the PPI inflation stayed elevated at record pace.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.7850	4.8000	4.8108	4.8167	4.8413

GBP/MYR

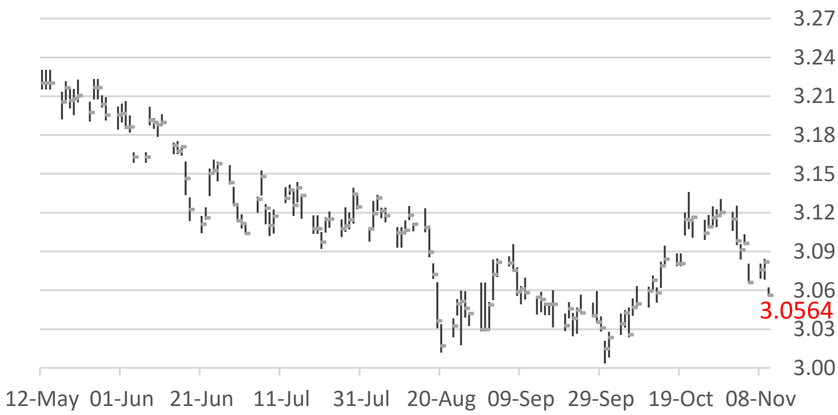


GBP/MYR Neutral to Slightly Bearish

GBP/MYR opened 0.1% lower at 5.6270. The pound sterling remains capped below 1.3600 and further weakend to 1.3550 as of writing amid slow Brexit talks progress. The triggering of the Article 16 remains a major downside risk to GBP this week thus leading us to turn neutral on GBP/MYR. Markets also eye the advance estimate of the UK's 3Q GDP.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.5886	5.6000	5.6255	5.6450	5.6555

AUD/MYR



AUD/MYR Neutral to Bearish

AUD/MYR opened 0.7% lower at 3.0606 as both AUD and NZD were weighed by risk aversion in the previous session. Technical indicators point to potentially further downside despite higher Chinese inflation data. The down moves may however be limited by anticipation for the Australia's job report.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0250	3.0500	3.0564	3.0698	3.0800

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