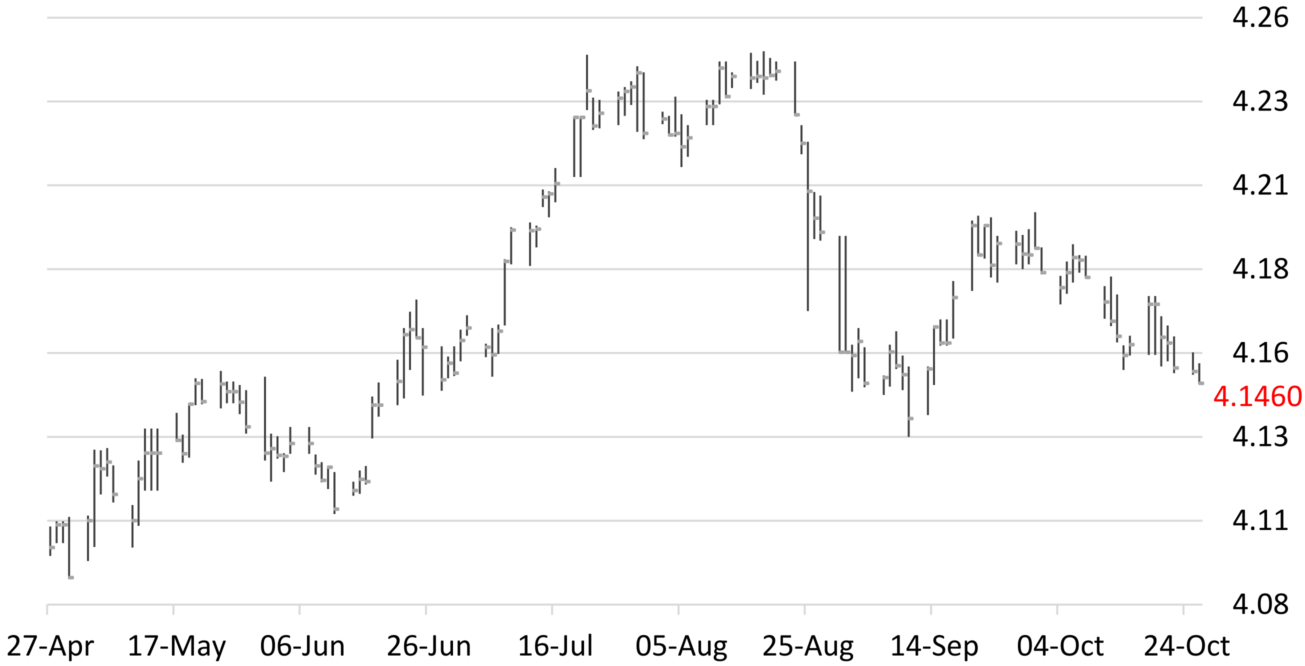
26 October 2021

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to Bullish

USD/MYR opened little changed at 4.1500, trending lower to 4.1460 as of writing. This is in line with our recent view that negative momentum has increased for the pair; after hitting 4.1460, 4.1350 will be the next target. We tweaked our weekly range to 4.13-4.17, expecting cautious trading in the days leading up to the tabling of the 2022 National Budget on 29 October.

1-Month Outlook – MYR Bullish

We have revised our medium term outlook to reflect a stronger MYR as the Malaysian economy moves forward to relax more Covid-19 restrictions, with higher commodity prices offering added support to the ringgit while also taking into account the Federal Reserve's possible kickstart of policy normalisation in November.

	S2	S1	Indicative	R1	R2
USD/MYR	4.1200	4.1350	4.1460	4.1600	4.1715

MYR Crosses

EUR/MYR

EUR/MYR Neutral to Bearish

EUR/MYR opened 0.2% lower at 4.8172. EUR/USD stabilises just a tad above 1.1600 after weakening by 0.3% overnight, driven by weaker German IFO data. We are neutral to bearish on EUR/MYR as we do not foresee the pair to recover to yesterday's level after the early morning's down moves. Nonetheless, we anticipate the pre-ECB caution to dominate the EUR market. The US advance 3Q GDP growth may also serve as a driver.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.8000	4.8093	4.8117	4.8260	4.8400

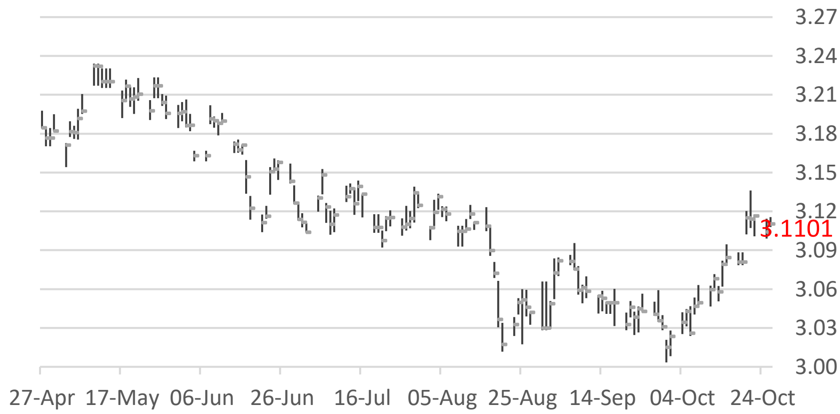
GBP/MYR

GBP/MYR Neutral

GBP/MYR opened little changed at 5.7112. GBP/USD stayed relatively supported amid rate hike expectations despite modestly stronger USD in the previous session. Event risk from the UK Budget tabling on 27 October (Wednesday) could have influenced GBP movement, hence likelihood of some cautiousness in the next few days, resulting in a GBPMYR range of 5.69-5.73.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.6847	5.6983	5.7080	5.7120	5.7328

AUD/MYR



AUD/MYR Neutral to Slighly Bullish

AUD/MYR opened 0.1% higher at 3.1086. The turnaround in risk sentiment boosted AUD overnight, leaving it the only major currency to have strengthened modestly against the USD. We are neutral to slightly bullish on AUD/MYR as focus shifts to Australia's CPI reading due tomorrow morning.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0844	3.1000	3.1101	3.1255	3.1310

Source: Bloomberg, HLBB Global Markets Research

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