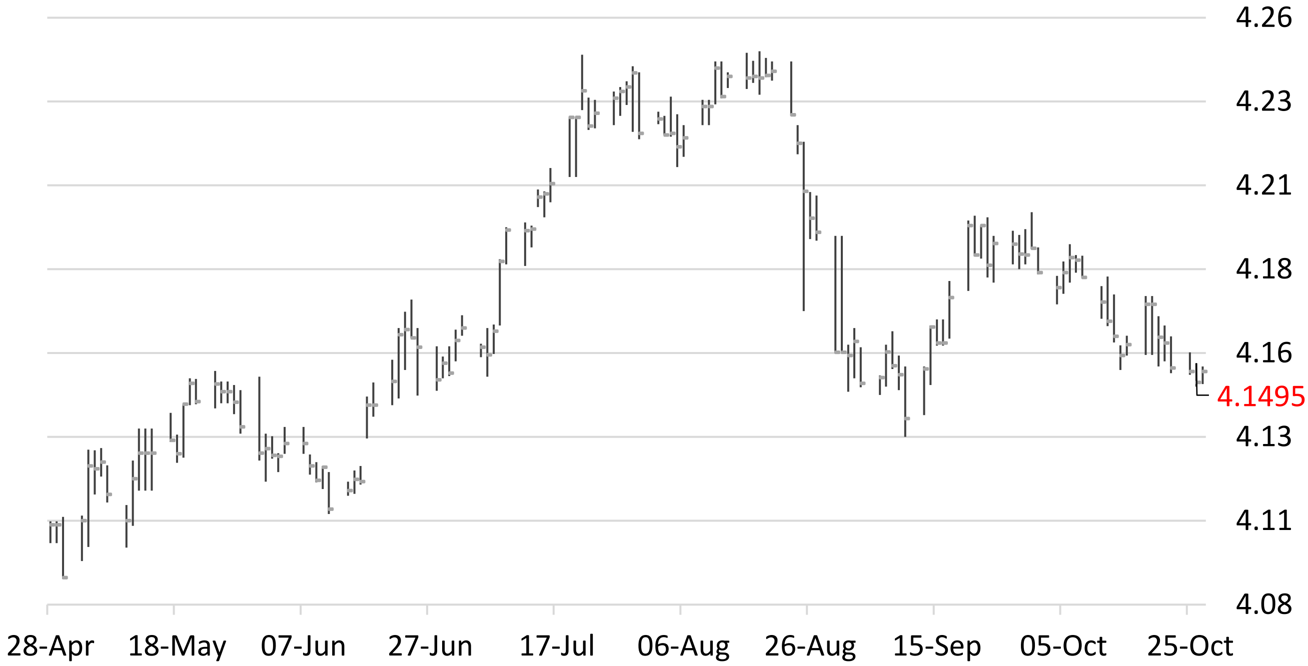
27 October 2021

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to Bullish

USD/MYR opened 0.1% higher at 4.1510 and slipped back to below 4.1500 as of writing. Recent movement is in line with our view that negative momentum has increased for the pair. After hitting 4.1460 recently, 4.1350 will be the next target although we expect cautious and range-bound trading in the days leading up to the tabling of the 2022 National Budget on 29 October (Friday). We maintain the weekly range at 4.13-4.17.

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	4.1495	4.1600	4.1715

MYR Crosses

EUR/MYR

EUR/MYR Neutral

EUR/MYR opened 0.2% lower at 4.8082. EUR/USD trades above 1.6000 as of writing, little changed from prior session. We are neutral on EUR/MYR as 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	4.8132	4.8260	4.8400

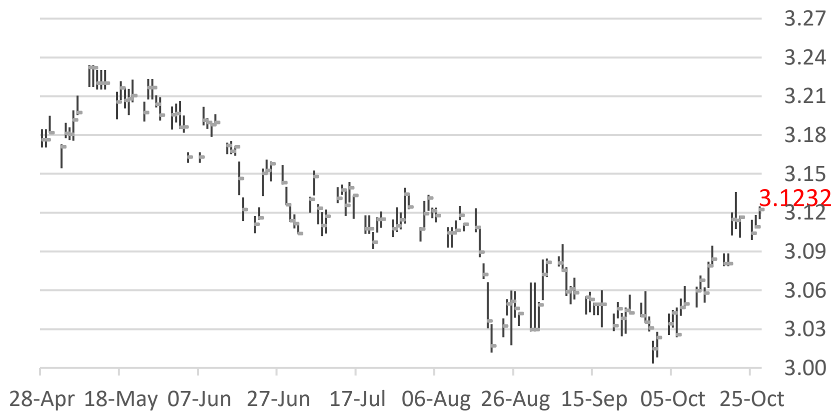
GBP/MYR

GBP/MYR Neutral

GBP/MYR opened 0.2% lower at 5.7075. GBP/USD continued to stay supported when compared to other G10s, amid rate hike expectations. We see range-bound movement for GBP/MYR amid cautious sentiment ahead of key event (the tabling of the UK Budget today).

	S2	S1	Indicative	R1	R2
GBP/MYR	5.6847	5.6983	5.7136	5.7339	5.7500

AUD/MYR



AUD/MYR Neutral to Bullish

AUD/MYR opened 0.2% higher at 3.1149. AUD/USD remained the only gainer among G10s overnight. We are neutral to bullish on AUD/MYR following the higher than expected Australia's trimmed mean CPI data this morning.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0844	3.1000	3.1232	3.1255	3.1310

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