

7 December 2020

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Bearish

USD/MYR opened 0.23% higher at 4.0715 amid knee-jerk reaction to Fitch's sovereign rating downgrade on Malaysia from A- to BBB+ last Friday. The pair hit a high of 4.0885 this morning but has since retreated to 4.0757 at time of writing. We are bearish on MYR today as markets digest the rating news, with USD/MYR likely hovers in the 4.07-4.08 handles.

1-Month Outlook – MYR Bullish

We are bearish on USD/MYR on a one-month basis, expecting the MYR to regain its footing after negativity surrounding the rating downgrade dissipates. The pair will also be driven down by expectation for a weaker USD following a clearer political situation amid a Joe Biden's victory. A Biden Administration is expected to return the US executive branch to normalcy and eliminate any abrupt decisions on both the domestic and international fronts that so often characterized the Trump Presidency for the past four years. The Fed's sustainably accommodative policy coupled with weak recovery outlook alongside high unemployment rate are also expected to weigh on the greenback as we head into the end of 2020.

	S2	S1	Indicative	R1	R2
USD/MYR	4.0489	4.0576	4.0757	4.0864	4.1000

MYR Crosses

EUR/MYR



EUR/MYR Neutral to Bullish

EUR/MYR opened 0.38% lower at 4.9234 but abruptly spiked up to 4.9587 amid MYR weakness and a strengthening EUR. Momentum for the pair remains bullish, paving the way for further up moves with 4.97-4.98 being the next resistance. Having said that, Eurozone fundamentals remain weak which led to speculations that the ECB might add stimulus. The ECB next meet this Thursday.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.9106	4.9244	4.9428	4.9624	4.9760

GBP/MYR



GBP/MYR Neutral

GBP/MYR opened little changed at 5.4492 following selloffs in both the sterling and MYR this morning. Development in Brexit talks will continue to influence the GBP in the near term in the run-up to the 31-December deadline. We maintain neutral outlook on the pair given its sensitivity to Brexit development.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4249	5.4483	5.4715	5.4900	5.5074

AUD/MYR



AUD/MYR Bullish

AUD/MYR opened 0.21% higher at 3.0183 and rallied to a high of 3.0384 following the gapping up in USDMYR. The pair has since retreated to the 3.02 handle at time of writing. We are bullish on AUD/MYR today primarily on MYR weakness. Aussie was seen gyrating little changed in the 0.7420-0.7435 ranges this morning, seeing little dent from negative trade noises with China.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0025	3.0113	3.0281	3.0362	3.0450

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

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