8 December 2020

Global Markets Research
Mid-day Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to Bullish

USD/MYR opened unchanged at 4.0715 this morning and was seen slowly nudging down, trading at 4.0680 at time of writing. As highlighted earlier, the pair shall resume its downward move once the rating downgrade news are digested. Underlying bulls in the MYR remains intact in our view, especially at times of USD weakness. Hence, we are resuming to our neutral to bullish view on MYR today.

1-Month Outlook – MYR Bullish

We are bearish on USD/MYR on a one-month basis. The MYR appears to be quick in regaining its footing from the knee-jerk selloffs following the rating downgrade decision by Fitch. 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	4.0500	4.0600	4.0680	4.0741	4.0800

MYR Crosses

EUR/MYR

EUR/MYR Neutral to Bullish

EUR/MYR opened 0.14% higher at 4.9304 but has since retreated following renewed MYR strength. Momentum for the pair remains bullish albeit softer, suggesting there is still room for further climb to 4.97-4.98, 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	4.9000	4.9147	4.9257	4.9416	4.9574

GBP/MYR

GBP/MYR Neutral

GBP/MYR opened sharply higher by 0.83% at 5.4377, and has been holding up at the 5.43 levels, catching up with the rebound in the sterling following renewed Brexit optimism as the 31-December draws nearer. We maintain neutral outlook on the pair given its sensitivity to Brexit development.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4000	5.4251	5.4322	5.4595	5.4646

AUD/MYR

AUD/MYR Slightly Bullish

AUD/MYR opened 0.30% higher at 3.0192 and has been rangetrading within 3.0150-3.0210. We are slightly bullish on AUD/MYR today following the higher opening even on the back of expected MYR gains. Aussie has also been trading surprisingly bid despite negative trade noises with China.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9928	3.0052	3.0183	3.0289	3.0424

Source: Bloomberg, HLBB Global Markets Research

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