

11 December 2020

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR has broken below the 4.06 handle as expected and opened marginally lower at 4.0560 this morning. While renewed USD weakness overnight is expected to bode well for MYR bulls, we suspect the pair would trade in a more neutral tone today ahead of the weekend. 4.05 remains a key support, below which the pair is expected to head towards 4.03. Resistance at 4.08 for now.

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	4.0435	4.0500	4.0530	4.0680	4.0775

MYR Crosses

EUR/MYR



EUR/MYR Neutral-to-Bullish

EUR/MYR opened 0.32% higher at 4.9297 and was seen range trading near this level at time of writing. The pair is tilted to a bullish bias today on the back of EUR strength following ECB's decision to increase and extend its QE programmes. Upside is however likely capped by 4.94 levels as we continue to see softening positive momentum technically, suggesting the pair is still likely to head back down to 4.90.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.9030	4.9170	4.9275	4.9389	4.9600

GBP/MYR



GBP/MYR Neutral-to-Bearish

GBP/MYR opened 0.03% lower at 5.3999 and trended lower to 5.3969 at time of writing. We are bearish on the pair today expecting the sterling to remain under pressure as the UK braces for more uncertainties now that Prime Minister Boris Johnson warned of a no deal Brexit.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.3330	5.3735	5.3969	5.4203	5.4583

AUD/MYR



AUD/MYR Neutral-to-Bullish

AUD/MYR opened 0.62% higher at 3.0542 and continued to extend its climb, trading at 3.0662 at time of writing. We are neutral to bullish on AUD/MYR today amid a strengthening Aussie. The pair remains largely AUD-driven in our view, and could potentially trend higher given resiliency in the Aussie in the medium term.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0100	3.0432	3.0662	3.0730	3.0800

Source: Bloomberg, HLBB Global Markets Research

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