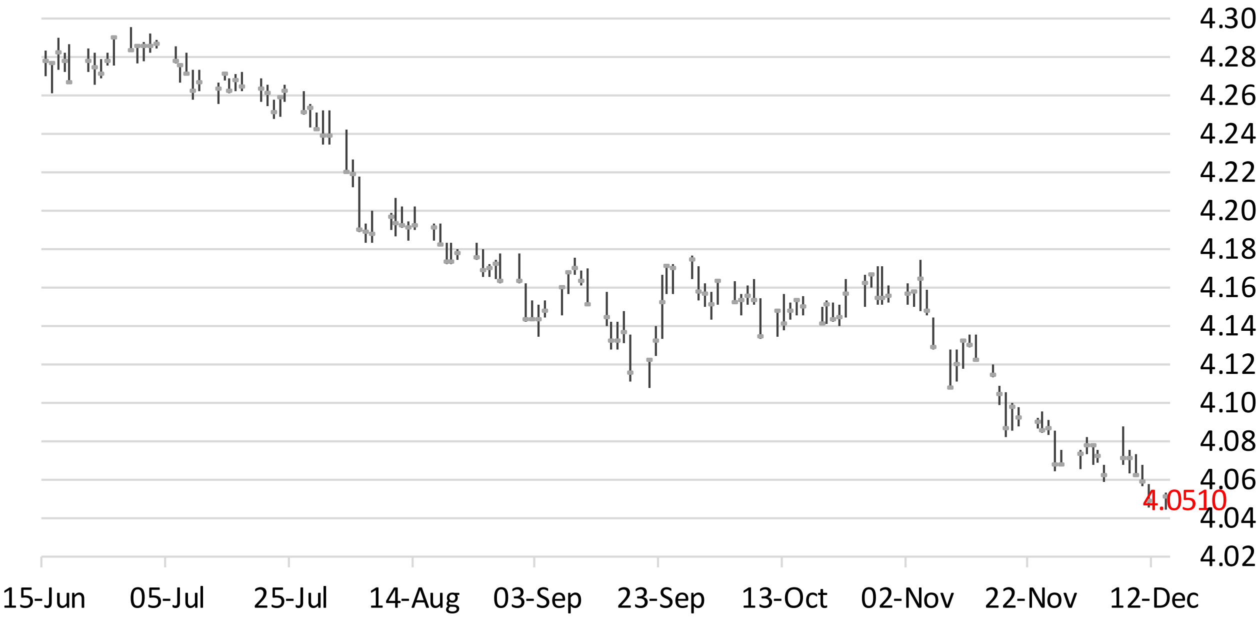
14 December 2020

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to Bullish

USD/MYR opened 0.1% lower at 4.0445 and is seen returning back above 4.05 as of writing. MYR's year-to-date gain stood at 1% as of Friday, aligning itself with most of the Asian currencies that have strengthened substantially against the USD this year. We remain neutral to bullish MYR on the back of extended dollar weakness; the pair likely trades within a range of 4.03-4.08 this week, with room for further downside.

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	4.0510	4.0680	4.0775

MYR Crosses

EUR/MYR

EUR/MYR Neutral

EUR/MYR opened 0.1% higher at 4.9135 and is likely to range trade as the EUR stabilizes following recent strength. 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	4.8944	4.9000	4.9144	4.9319	4.9400

GBP/MYR

GBP/MYR Neutral

GBP/MYR opened 0.7% higher at 5.3923, as the sterling was boosted by the extended Brexit talks that offer fresh hope of a deal. This helped recover some of the sharp losses recorded towards the end of las week. We are neutral on the pair, awaiting the deal to be penned out, but did not eliminate no-deal Brexit risk.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.3330	5.3735	5.3946	5.4203	5.4583

AUD/MYR

AUD/MYR Neutral

AUD/MYR opened 0.2% higher at 3.0572. We are neutral on AUD/MYR today as sentiment remains rather cautious as the week begins. 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	3.0521	3.0730	3.0800

Source: Bloomberg, HLBB Global Markets Research

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