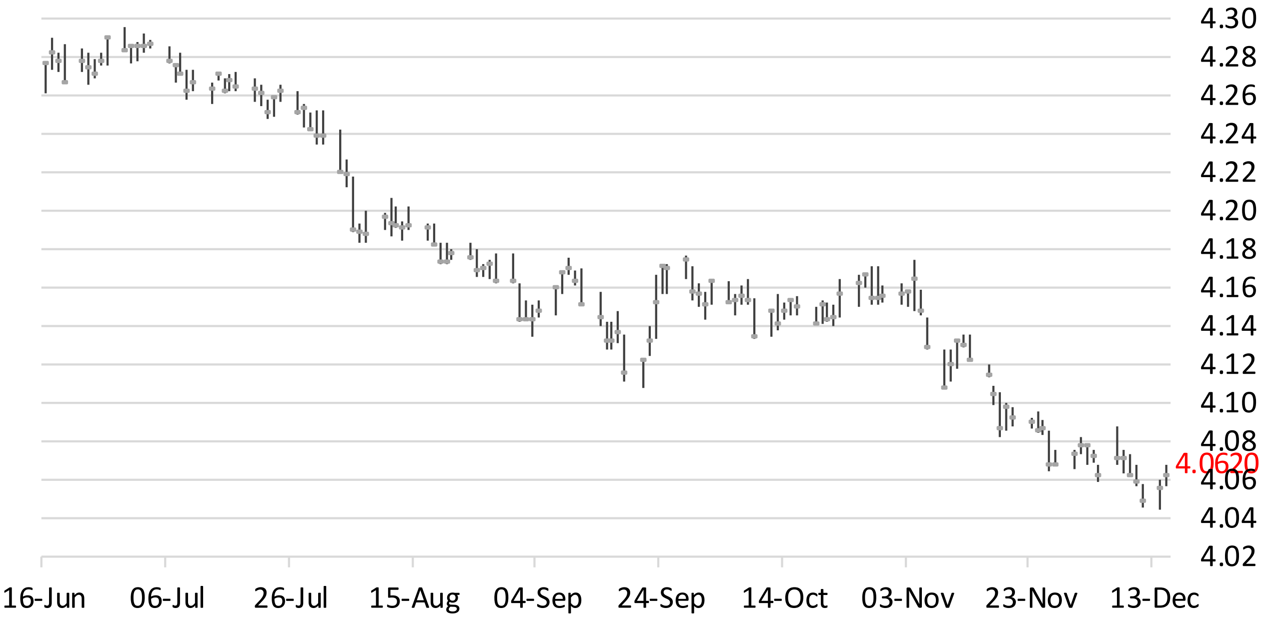
15 December 2020

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to Bullish

USD/MYR opened little changed at 4.0565 and has strengthened to above 4.06 as of writing, as the pair corrects from recent losses. 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	4.0620	4.0680	4.0775

MYR Crosses

EUR/MYR

EUR/MYR Neutral to Bullish

EUR/MYR opened little changed at 4.9275 but rose to 4.9400, catching up with overnight euro strength. Pair breached the key 4.94 to 4.9461 at one point; aided by weaker MYR, with EUR/USD continuing to see softer momentum. Outlook is neutral to bullish with upside likely kept at circa 4.94-4.95. Having said that, EUR could also benefit from a bullish GBP should Brexit sentiment improves further.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.9156	4.9270	4.9400	4.9500	4.9587

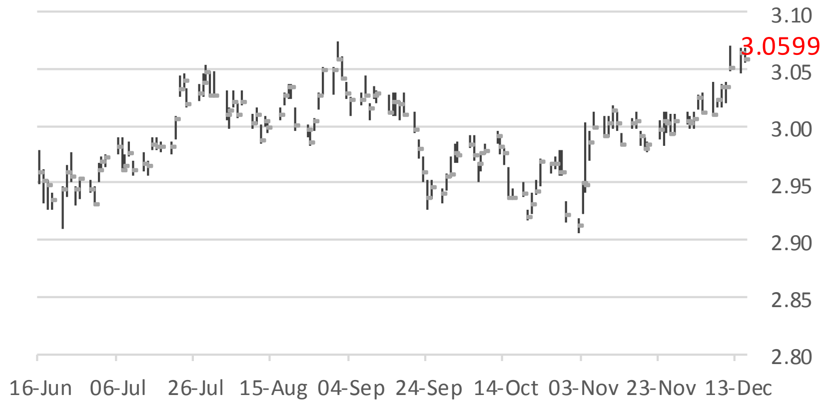
GBP/MYR

GBP/MYR Neutral to Bullish

GBP/MYR opened 0.4% lower at 5.4051, retreating from prior gain. The pair's trajectory remains largely reliant on Brexit talks' development. We are neutral to bullish on the pair, as bullish sentiment seems to prevail for now, awaiting the deal to be penned out, but did not eliminate the no-deal Brexit risk.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.3800	5.4000	5.4200	5.4326	5.4420

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.3% lower at 3.0564, trading just shy of 3.06, unmoved by RBA minutes and positive China data. We maintain neutral outlook on AUD/MYR today on the back of cautious sentiment. 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	3.0235	3.0400	3.0599	3.0700	3.0800

Source: Bloomberg, HLBB Global Markets Research

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