

17 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 4.0495 and is seen moving lower below 4.05 as of writing. This comes after the broader greenback lost momentum overnight following the FOMC meeting and disappointing retail sales data. We remain neutral to bullish MYR as the dollar remains biased towards more weaknesses. No change to current view that 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	4.0300	4.0400	4.0450	4.0665	4.0800

MYR Crosses

EUR/MYR



EUR/MYR Neutral to Bullish

EUR/MYR opened little changed at 4.9402 and has slipped back to below 4.94. No change to currently neutral to bullish outlook with upside likely kept at circa 4.94-4.95. EUR could also benefit from a bullish GBP moving forward if a Brexit deal is indeed reached.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.9156	4.9270	4.9390	4.9500	4.9587

GBP/MYR



GBP/MYR Neutral to Bullish

GBP/MYR opened 0.1% lower at 5.4690 but managed to advance above 5.47 as Brexit hope remains elevated. Negotiators are still trying to hammer out a deal on their most prickly issues. Attention shifts to the BOE MPC meeting today where it is expected to stay put ahead of Brexit deadline. We are neutral to bullish on the pair, but did not eliminate any no-deal Brexit risk.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4385	5.4500	5.4746	5.4840	5.4900

AUD/MYR



AUD/MYR Neutral to Bullish

AUD/MYR opened 0.2% lower at 3.0661. We turned neutral to bullish as AUD could likely benefit from today's upbeat Australian job data. 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	3.0671	3.0700	3.0800

Source: Bloomberg, HLBB Global Markets Research

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