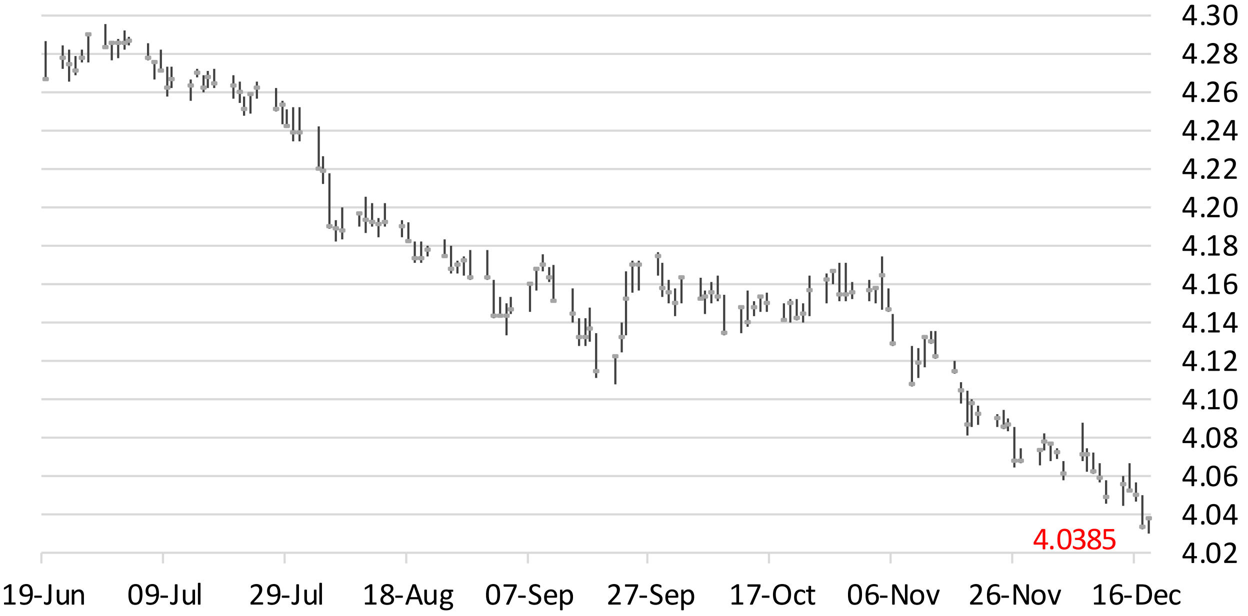
18 December 2020

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 4.0310 after weakening sharply in the prior session. Persistent USD weakness could send the pair down further, potentially breaching 4.03 support and targeting 4.00 next. Nonetheless, we expect consolidations at the topside of 4.03 to 4.04 ahead of the weekend.

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	4.0000	4.0300	4.0385	4.0500	4.0800

MYR Crosses

EUR/MYR

EUR/MYR Neutral to Bullish

EUR/MYR opened 0.2% higher at 4.9460, catching up with the overnight EUR strength. No change to currently neutral to bullish outlook, expecting pair to be constrained at circa 4.94-4.95. EUR could also benefit from a bullish GBP moving forward if a Brexit deal is indeed reached. German IFO indexes are key data to watch out for today.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.9156	4.9270	4.9478	4.9500	4.9587

GBP/MYR

GBP/MYR Neutral-to-Bullish

GBP/MYR opened 0.1% lower at 5.4734. A no-deal Brexit could still happen despite recently bullish sentiment. Latest headlines were less favourable after negotiators try to reach an agreement over the thorniest issue of fishing rights. We are maintaining a neutral-to-bullish outlook on the pair but expect pair to stay flattish today ahead of the weekend.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4385	5.4500	5.4673	5.4840	5.4900

AUD/MYR

AUD/MYR Neutral to Bullish

AUD/MYR opened 0.2% lower at 3.0715. We are neutral to bullish on the back of better risk sentiment and higher oil prices. 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	3.0400	3.0515	3.0728	3.0800	3.0875

Source: Bloomberg, HLBB Global Markets Research

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