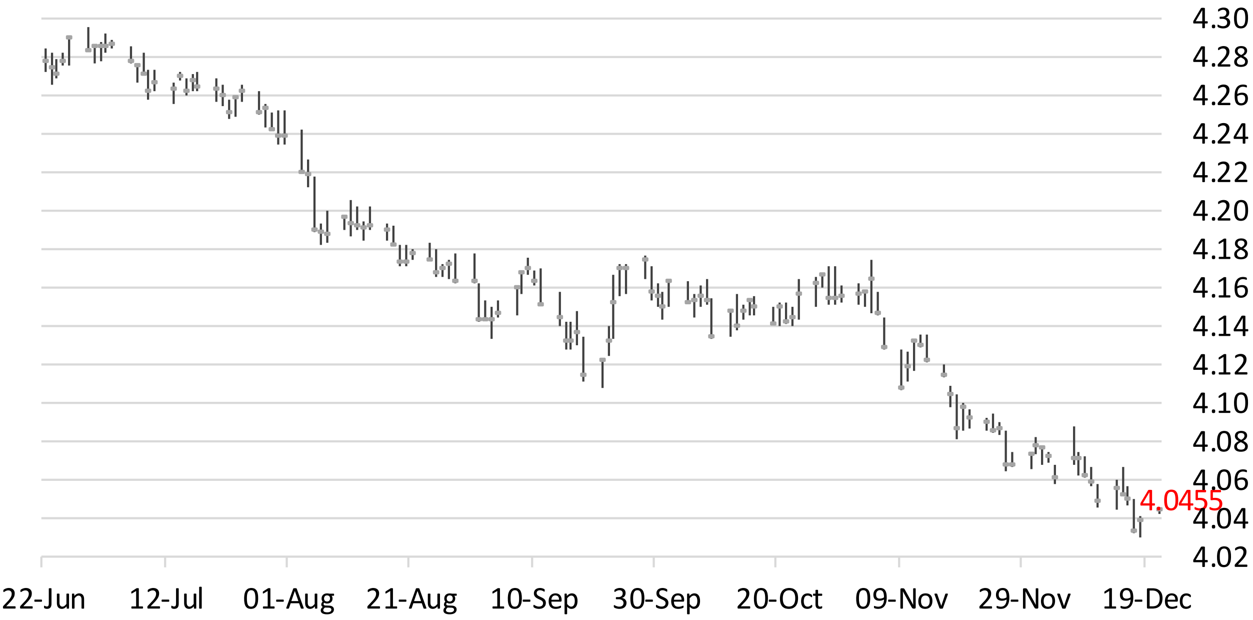
21 December 2020

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened little changed at 4.0430. We maintain a bullish view on MYR this week as further elimination of event risks after the approval of the 2021 national budget and USD weakness should be MYR positive. A break of the 4.03 support will pave the way for the pair to head towards the 4.00 psychological level. Having said that, the resurgence of USD amid fresh US stimulus news is likely to work against MYR's favour today; pair is likely to be well supported above 4.04 in the short term.

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	4.0455	4.0500	4.0800

MYR Crosses

EUR/MYR

EUR/MYR Neutral to Bearish

EUR/MYR opened 0.3% lower at 4.9334. This comes as EUR/USD was hit by broad-based dollar strength in response to US stimulus news, falling 0.5% intraday to just below 1.22 as of writing. This is likely to drag down EUR/MYR concurrently in the short term.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.9156	4.9270	4.9330	4.9500	4.9587

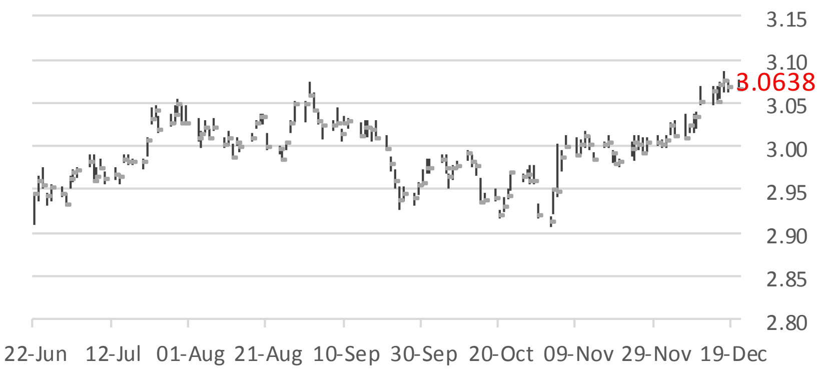
GBP/MYR

GBP/MYR Bearish

GBP/MYR opened 0.9% lower at 5.4139 and has continued to weaken to circa 5.40 as of writing. GBP/USD fell more than 1% intraday after trading resumes today. The selling pressure surrounding the sterling intensifies following new lockdown orders and the unresolved Brexit talks. Market may also take profit from the recent GBP high even if there is an agreement.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.384	5.3900	5.3986	5.4385	5.4500

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.1% lower at 3.0652. We are neutral on the pair amid dollar strength with both MYR and AUD weakening. 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	3.0638	3.0800	3.0875

Source: Bloomberg, HLBB Global Markets Research

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