

23 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 4.0605. No change to current view that the renewed USD strength resulting from US stimulus news is posing downside risk on our neutral-to-bullish outlook on MYR this week. This, alongside sharp fall in oil prices could still work against MYR's favour today. Pair is targeting 4.07 after having crossing 4.06 yesterday; we observe a range of 4.04-4.07 today.

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	4.0605	4.0700	4.0800

MYR Crosses

EUR/MYR



EUR/MYR Neutral

EUR/MYR opened 0.2% lower at 4.9493 and is trading within a tight range as sentiment turned cautious. EUR is looking steady against the USD after recent down move as the new travel bans and US stimulus news make up mixed headlines. This is likely to keep EUR/MYR constrained within 4.94-4.9650.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.9234	4.9397	4.9460	4.9587	4.9740

GBP/MYR



GBP/MYR Neutral to Bearish

GBP/MYR opened 0.2% lower at 5.4426 after closing higher in the prior session. We are still neutral to bearish on GBP as fresh lockdowns further dampened the prospect of UK economic recovery while Brexit deal remained unresolved. Market may also take profit from the recent GBP high even if there is an agreement.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4000	5.4255	5.4391	5.4500	5.4700

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened little changed at 3.0679 and is likely extend its current neutral trend. We maintain neutral outlook on the pair on the back of cautious sentiment and mixed headlines. 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	3.0655	3.0800	3.0875

Source: Bloomberg, HLBB Global Markets Research

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