

28 December 2020

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to Bearish

USD/MYR opened little changed at 4.0620 after closing marginally lower on Thursday ahead of the Christmas long weekend. Daily outlook is neutral-to-bullish as market digests news that Trump had signed the funding bill. We still observe a range of 4.04-4.07 this week, reflecting our neutral outlook on USD. The USD is expected to benefit temporarily from the positive stimulus news but the upside is likely to fade as we move along given that the greenback is still projected to remain weak in the medium 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	4.0300	4.0400	4.0550	4.0700	4.0800

MYR Crosses

EUR/MYR



EUR/MYR Neutral

EUR/MYR opened little changed at 4.9552 and stays constrained within a tight range of 4.94-4.9650 as expected. No change to our neutral outlook for now marked by cautious sentiment. Markets are monitoring the rollout of vaccines in the continent; economic outlook remains poor and could serve as a drag now that the Brexit-related optimism has topped and retreated.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.9234	4.9397	4.9517	4.9587	4.9740

GBP/MYR



GBP/MYR Neutral

GBP/MYR opened 0.7% higher at 5.4911, catching up with the recent up move in the sterling after a Brexit deal was announced. Pair is expected to stay neutral as GBP/USD consolidated gains. In the week ahead, pair may also retreat from recent high as Brexit optimism fades.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4500	5.4800	5.4991	5.5100	5.4350

AUD/MYR



AUD/MYR Neutral to Bullish

AUD/MYR opened 0.2% higher at 3.0813 and is likely to remain well supported on the back of solid AUD momentum. 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	3.0500	3.0672	3.0867	3.0875	3.0900

Source: Bloomberg, HLBB Global Markets Research

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