29 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 4.0500 after closing lower in the prior session. Daily outlook is neutral amid mixed USD performance overnight. We still observe a neutral range of 4.04-4.07 this week, reflecting our neutral-to-bearish outlook on broad 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	4.0505	4.0700	4.0800

MYR Crosses

EUR/MYR

EUR/MYR Neutral

EUR/MYR opened 0.2% lower at 4.9471 and stays constrained within a tight range of 4.94-4.9650 as expected. No change to our neutral outlook for now as EUR momentum remains relatively muted. 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	4.9556	4.9587	4.9740

GBP/MYR

GBP/MYR Neutral

GBP/MYR opened 0.7% lower at 5.4513 after the pound erased some recent gains. We are neutral on the pair, expecting price actions to remain volatile in the days leading up to the official withdrawal.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4200	5.4489	5.4615	5.4800	5.5000

AUD/MYR

AUD/MYR Neutral

AUD/MYR opened 0.4% lower at 3.0718. Outlook is neutral for now taking into account Australia-China trade dispute as well as falling crude oil prices in anticipation over the additional OPEC+ supply in January.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0500	3.0672	3.0761	3.0875	3.0900

Source: Bloomberg, HLBB Global Markets Research

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