31 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 slightly lower at 4.0330 and moved further down to 4.0245 at time of writing amid extended USD weakness. Daily outlook is neutral to bearish, suggesting the pair may attempt to break below the 4.02 big figure. Recent moves have weakened positive momentum and reinforced bearishness in the pair. However, USD/MYR is approaching oversold position signalling possibility of some correction before further move lower.

1-Month Outlook – MYR Bullish

We are bearish on USD/MYR on a one-month basis. Recent USD weakness has strengthened the downward trajectory in the pair. Expectations for further improvement in economic prospects in 2021 following progress in vaccination should bode well with investor risk appetite, hence our bearish view on the USD and bullish view on the MYR as a potential beneficiary of inflows into emerging markets, especially EMAsia, supported by an Asia-led recovery story.

	S2	S1	Indicative	R1	R2
USD/MYR	3.9800	4.0000	4.0245	4.0400	4.0500

MYR Crosses

EUR/MYR

EUR/MYR Neutral

EUR/MYR opened 0.25% higher at 4.9643 tracking a rally in the EUR to a 2½-year high amid positive newsflows and USD weakness. We are however still neutral on the pair supported by our bullish MYR outlook. The pair has since pulled back and been trading at 4.9505 at time of writing amid more muted EUR gains.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.9335	4.9475	4.9505	4.9756	4.9944

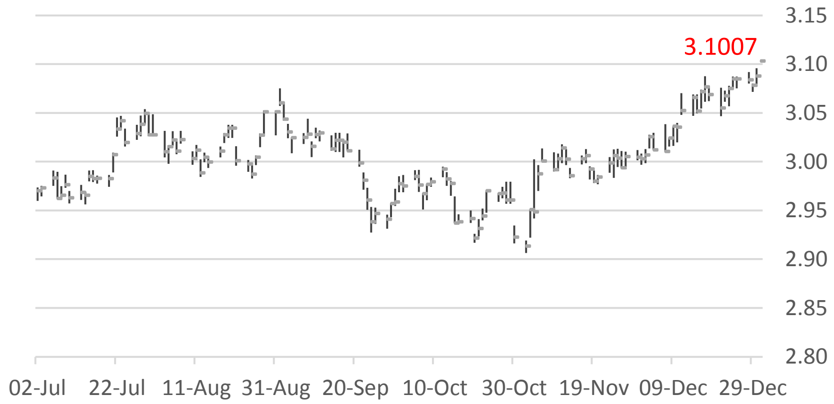
GBP/MYR

GBP/MYR Bullish

GBP/MYR jumped 0.55% higher to 5.5013 at this morning's open, catching up with the earlier rally in the sterling stemming from a last minute approval on Brexit deal by the UK Parliament. Daily outlook is bullish arising from the sharply higher opening even as GBP bulls are spilling over to early Asian trading. We would however like to caution that price actions could still remain volatile in the hours leading up to the official withdrawal.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4630	5.4740	5.4917	5.5000	5.5200

AUD/MYR



AUD/MYR Bullish

AUD/MYR also opened higher by 0.51% at 3.1033 and was seen holding up well around the 3.10 region. Daily outlook is bullish on the back of a higher opening and positive risk sentiments. Further build-up in risk appetite on vaccine and recovery optimism may continue to reinforce bullishness in the Aussie, hence AUD/MYR.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0500	3.0700	3.1007	3.1280	3.1570

Source: Bloomberg, HLBB Global Markets Research

Hong Leong Bank Berhad
Fixed Income & Economic Research, Global Markets
Level 8, Hong Leong Tower
6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel: 603-2081 1221
Fax: 603-2081 8936
Email: HLMarkets@hlbb.hongleong.com.my