

1 March 2021

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts - MYR Neutral

USD/MYR opened 0.2% higher at 4.0575, trading at circa 4.05 as of writing. The spike in UST yields triggered by the shift in inflation expectations last week have roiled markets, with some spill-over effects on the MYR market. We expect MYR to stay neutral at 4.04-4.07 this week ahead of BNM's OPR decision where we do not expect any change in rates and policy tone.

1-Month Outlook - MYR Bullish

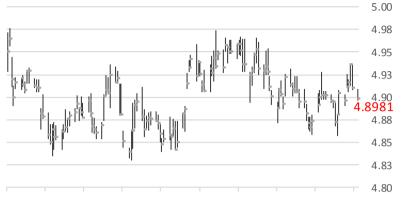
We remain bearish on USD/MYR on a one-month basis. Recent USD volatility has somewhat clouded the move but downward trajectory in the pair remains intact. Expectations for further improvement in economic prospects in 2021 following progress in vaccination should bode well with investor risk appetite,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

	S2	S1	Indicative	R1	R2
USD/MYR	4.0250	4.0400	4.0535	4.0600	4.0700



MYR Crosses

EUR/MYR



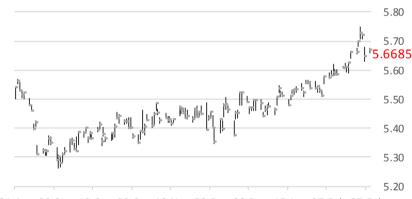
31-Aug 20-Sep 10-Oct 30-Oct 19-Nov 09-Dec 29-Dec 18-Jan 07-Feb 27-Feb

EUR/MYR Neutral

EUR/MYR opened 0.4% lower at 4.8967, catching up with the EUR's down moves last Friday. Expect the pair to trade on a neutral note today amid a lack of major driver. No change to our view that EUR's net long position supports the case of a slightly bullish view in the short to medium term.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.8800	4.8922	4.8981	4.9121	4.9300

GBP/MYR



31-Aug 20-Sep 10-Oct 30-Oct 19-Nov 09-Dec 29-Dec 18-Jan 07-Feb 27-Feb

GBP/MYR Neutral to Bearish

GBP/MYR opened 1.1% lower at 5.6574 after GBP/USD corrected from recent high amid the resurgence. This is in line with our earlier view the overbought RSI condition paved way for downward movements in the short term. Support remains at 5.6400, but we expect some resilience in GBP given its net long position.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.6277	5.6400	5.6685	5.7000	5.7250

AUD/MYR



AUD/MYR Neutral to Bearish

AUD/MYR opened 1.6% lower at 3.1765 as AUD/USD weakened last Friday in the wake of stronger USD. Market continues to correct from the sharp rally in AUD and other commodity-related currencies. Australia's longer-dated bond yields have fallen significantly. At the short end, the 3-year yield has stabilised to 0.1%, back to the RBA's target. This could potentially keep a lid on AUD strength in the short term.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.1000	3.1200	3.1436	3.1726	3.2000

Source: Bloomberg, HLBB Global Markets Research



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