1 December 2021

Global Markets Research

Mid-day Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to Slightly Bullish

USD/MYR opened little changed at 4.2045 and was seen hovering around this level at time of writing. We are neutral to slightly bearish on the pair today. Yesterday's sharp move lower from big figure 4.23 to 4.20 had reduced positive momentum and erased overbought position in the pair, while a weaker USD overnight would likely support the MYR, pushing the pair to test the 4.20 psychological support. A break of 4.20 will lead the pair towards 4.1920.

1-Month Outlook – MYR Bullish

We expect the MYR to be relatively resilient in the medium term, taking into account further economic recovery after the government relaxed more Covid-19 related restrictions. This also takes into account our view that the broader USD is also expected to strengthen modestly supported by Fed rate hike expectations and likely outperformance of recovery in the US. That said, the emergence of the Omicron variant could potentially derail the recovery and policy normalization path.

	S2	S1	Indicative	R1	R2
USD/MYR	4.1920	4.2000	4.2005	4.2170	4.2225

MYR Crosses

EUR/MYR

EUR/MYR Neutral to Bearish

EUR/MYR opened 0.3% lower at 4.7631 this morning despite a stronger EUR/USD overnight spurred by quicker than expected increase in Eurozone CPI. Daily EUR/MYR outlook is neutral with a bearish tilt as risk aversion in the market will likely suppress EUR strength whilst the MYR stays within current ranges.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.7158	4.7362	4.7550	4.8015	4.8155

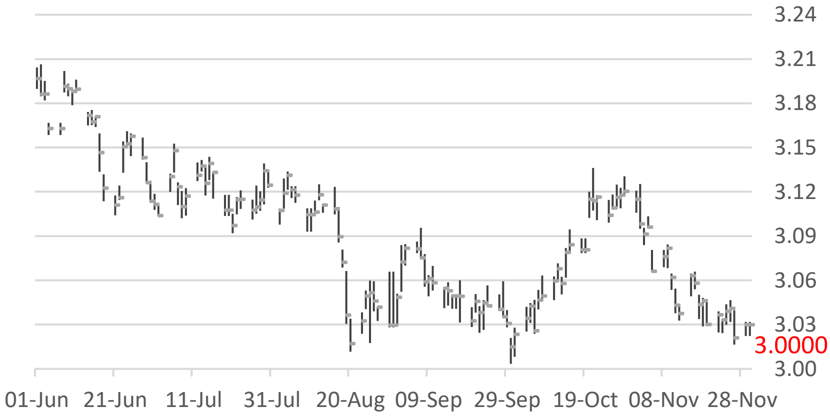
GBP/MYR

GBP/MYR Neutral to Bearish

GBP/MYR opened 0.6% lower at 5.5891 amid extended weakness in the sterling. We are neutral to bearish on the pair today as the MYR approaches key 4.20 psychological support vs the USD. Prevailing risk-off mode in the markets as well as Omicron variant conern shall keep the sterling below 1.35.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.5654	5.5797	5.5854	5.6443	5.6544

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened flat at 2.9952 this morning. AUD/USD was seen trading in a stable manner despite smaller than expected slowdown in Austarlia's 3Q GDP (-1.9% q/q and +3.9% y/y). We are neutral on AUD/ MYR as both the Aussie and MYR are expected to move within current ranges in an overall risk off mode in the markets.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9791	2.9900	3.0000	3.0158	3.0244

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