2 December 2021

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 4.2200, from Wednesday's close of 4.2195 and has since inched slightly higher to 4.2248 at time of writing. We are neutral with a bullish tilt on the pair today on overall risk-off mode in the markets following Omicron fear and Fed Chair Powell's reaffirmation of a quicker tapering pace. 4.20 remains a key psychological support and we continue to expect a range of 4.20-4.25 for the week.

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	4.2043	4.2162	4.2248	4.2344	4.2416

MYR Crosses

EUR/MYR

EUR/MYR Neutral to Bullish

EUR/MYR opened 0.06% lower at 4.7763 but has since traded higher to 4.7832 at time of writing. EUR/USD continues to hover in the 1.13 region reflecting some resiliency despite an overall subdued market sentiments. We are neutral to bullish on EUR/MYR today amid expectation for a softer MYR.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.7599	4.7700	4.7832	4.8015	4.8155

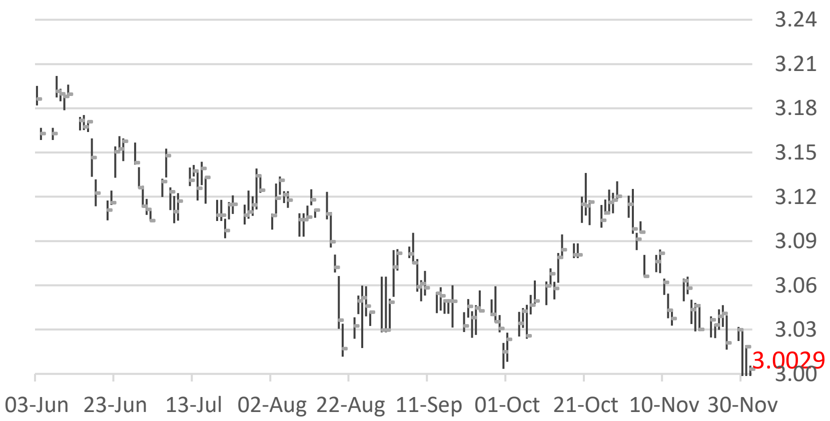
GBP/MYR

GBP/MYR Neutral to Bullish

GBP/MYR opened little changed (+0.01%) at 5.6024 but has moved higher amid market jitteries spurred by the Omicron variant and Powell's hawkish pivot. We are neutral to bullish on the pair today as markets digest further development on the Omicron variant, which will remain a swing factor in the FX space near term.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.5646	5.5826	5.6116	5.6233	5.6398

AUD/MYR



AUD/MYR Bearish

AUD/MYR opened sharply lower by 0.64% at 2.9990 but has since pared some losses. Daily outlook is bearish following the lower opening even as AUD/USD and USD/MYR may continue to see more range movement in the absence of fresh catalyst. This morning's trade report which showed a sustained trade balance of A$11.2bn has had little impact on the Aussie and markets will likely look upon inflation expectation print for further direction.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9791	3.0000	3.0029	3.0194	3.0244

Source: Bloomberg, HLBB Global Markets Research

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