

3 February 2021

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 4.0455. USD/MYR is likely to continue gyrating within a tight range of 100pips between 4.04-4.05 today. Markets are unfazed by the news that the Movement Control Order has been extended to 18 February. We are neutral on MYR this week, eyeing a weekly range of 4.03-4.06, with the USD remaining the biggest influence. Moody's reaffirmation of Malaysia sovereign rating at A3 with a stable outlook which has eliminated another event risk would help support the MYR.

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 EM Asia, supported by an Asia-led recovery story.

	S2	S1	Indicative	R1	R2
USD/MYR	4.0300	4.0400	4.0450	4.0500	4.0600

MYR Crosses

EUR/MYR

EUR/MYR Neutral to Bearish

EUR/MYR opened 0.3% lower at 4.8700 as EUR continued to weaken against a firmer USD. We turn neutral-to-bearish on the EUR, as market attention focuses on fundamentals (Eurozone GDP was slightly better than expected but still represents a slide from 3Q). This is likely to weigh on EUR/MYR given that we expect MYR to be neutral.



	S2	S1	Indicative	R1	R2
EUR/MYR	4.8600	4.8737	4.8743	4.8927	4.9025

GBP/MYR

GBP/MYR Neutral

GBP/MYR opened 0.3% lower at 5.5265. We maintain neutral outlook on the crosses ahead of the BOE's decision tomorrow where markets are tuning in on the central bank's negative rates policy review. It is unlikely to cut rate to below zero for now, aligning with market expectations.



	S2	S1	Indicative	R1	R2
GBP/MYR	5.5152	5.5250	5.5332	5.5460	5.5617

AUD/MYR

AUD/MYR Neutral to Bearish

AUD/MYR opened 0.3% lower at 3.0774. This came after RBA stayed pat on policy rates. We are neutral to bearish on AUD/MYR for the week ahead, mainly concerned about correction from prior rallies and risk aversion.



	S2	S1	Indicative	R1	R2
AUD/MYR	3.0500	3.0660	3.0823	3.1000	3.1133

Source: Bloomberg, HLBB Global Markets Research

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