3 December 2021

Global Markets Research

Mid-day Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to Slightly Bearish

USD/MYR opened little changed at 4.2360. The easing USD strength overnight is expected to stabilise USD/MYR at circa 4.22-4.23 levels, although the Omicron-related risk aversion as well as expectations of a hawkish Fed may continue to push USD/MYR higher in the short-to-medium term. 4.20 remains a key psychological support and we expect a range of 4.20-4.25 for the week ahead.

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	4.2000	4.2200	4.2315	4.2400	4.2500

MYR Crosses

EUR/MYR

EUR/MYR Neutral

EUR/MYR opened 0.2% lower at 4.7858. We expect EUR/USD to hover at recent levels at circa 1.1300 amid jittery ahead of tonight's nonfarm payrolls report. Easing USD strength and overall subdued market sentiment while awaiting more Omicron-related developments are likely to keep EUR/MYR neutral, with immediate support at 4.7750.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.7487	4.7750	4.7782	4.7900	4.8120

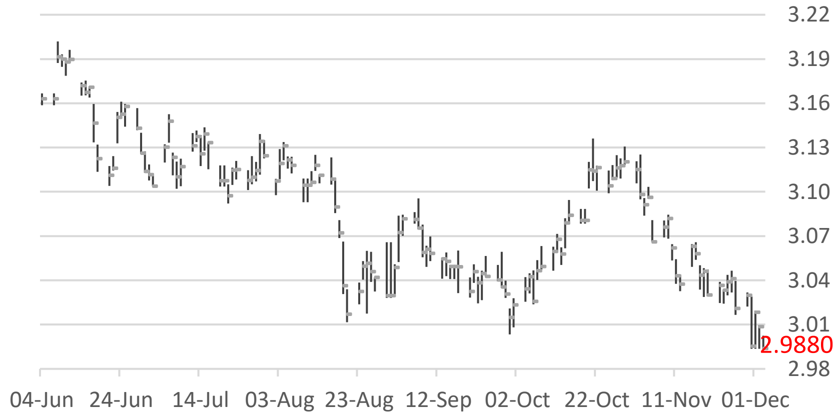
GBP/MYR

GBP/MYR Neutral

GBP/MYR opened little changed at 5.6286 and is trading near this level as of writing after the pair gave up earlier gain. GBP/USD stabilised near 1.3300 as of writing, amid subdued market sentiment ahead of tonight's US job report. We turned neutral on the GBP/MYR, expecting muted movements for today's session as market awaits more Omicron-related development.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.5845	5.6000	5.6219	5.6428	5.6584

AUD/MYR



AUD/MYR Neutral to Slightly Bearish

AUD/MYR opened 0.3% lower at 2.9995 alongside the weaker AUD/USD this morning. The weaker China Caixin Services PMI added to the wound. The Aussie remains vulnerable to risk aversion that could be spurred further by the Omicron-related headlines. Nonetheless, US job report is expected to be a market driver to determine USD trajectory today. Focus then shifts to the RBA's decision next week.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9700	2.9800	2.9880	3.0000	3.0244

Source: Bloomberg, HLBB Global Markets Research

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