

5 February 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 slightly higher at 4.0625, breaking the 4.07 big figure this morning. On a weekly basis (Friday to Thursday), the MYR weakened 0.3% w/w to 4.06 as at yesterday's close. Surprised USD strength amid US recovery story vis-à-vis other majors spurred by stimulus and vaccine optimism, and reinforced by positive US economic releases, have temporarily shifted FX moves in our view. We are turning slightly bearish on MYR in another holiday-shortened week ahead, eyeing a 4.05-4.09 range. The release of Malaysia 4Q GDP will likely see a slightly bigger contraction in the wake of reintroduction of conditional movement control orders during the last quarter of the year.

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	4.0500	4.0720	4.0800	4.0950

MYR Crosses

EUR/MYR

EUR/MYR Neutral to Bearish

EUR/MYR opened 0.2% lower at 4.8584. EUR/USD has now retreated to circa 1.1950 against a strong USD backdrop. Both EUR and MYR are likely to see further weakness in the weak ahead as markets now focus on strong US economy. Outlook remains at neutral to bearish for EUR/MYR.



	S2	S1	Indicative	R1	R2
EUR/MYR	4.8500	4.8667	4.8704	4.8927	4.9025

GBP/MYR

GBP/MYR Neutral to Bullish

GBP/MYR opened 0.7% higher at 5.5512 following the pound's surge post-BOE meeting. Markets have now pushed back their negative rates expectations and this is likely to support the GBP/MYR in the short term. Downside risk is a stronger dollar.



	S2	S1	Indicative	R1	R2
GBP/MYR	5.5435	5.5508	5.5686	5.5788	5.5800

AUD/MYR

AUD/MYR Neutral to Bearish

AUD/MYR opened 0.3% lower at 3.0858. The positive Australia's data that helped drive the Aussie dollar was only short term. We retained our longer term, neutral to bearish outlook on AUD/MYR, mainly concerned about correction from prior rallies and risk aversion.



	S2	S1	Indicative	R1	R2
AUD/MYR	3.0500	3.0660	3.0904	3.1000	3.1133

Source: Bloomberg, HLBB Global Markets Research

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