8 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 unchanged at 4.2325. Mixed USD performance, easing risk aversion and fading Omicron concerns in the broad market aided some recovery in the local unit, rendering USD/MYR a neutral to slightly bearish daily outlook. For the week, we remain neutral-to-bullish on USD/MYR as expectations for a quicker Fed tapering may continue to buoy USD strength. We expect the pair to maintain a weekly range of 4.20-4.25, with 4.25 serving as a key psychological resistance.

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	4.2100	4.2170	4.2350	4.2500

MYR Crosses

EUR/MYR

EUR/MYR Neutral to Bearish

EUR/MYR opened little changed at 4.7711. EUR weakened against the resilient USD amid Germany's weaker investor sentiment. Pair has now moved further away from 1.1300, with bearish sentiment gathering momentum thanks to expectations of a quicker Fed tapering. We are neutral to bearish on EUR/MYR, given weaker EUR and a slightly higher MYR.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.7170	4.7500	4.7601	4.7800	4.8074

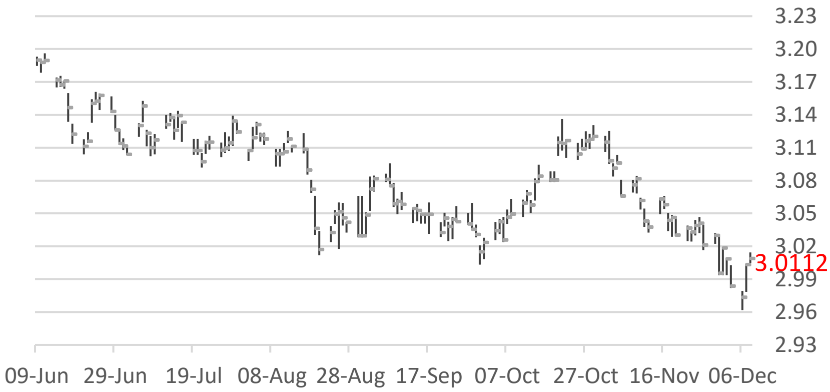
GBP/MYR

GBP/MYR Neutral to Bearish

GBP/MYR opened little changed at 5.6058. GBP/USD failed to retain recent recovery mode, succumbing to lingering USD strength amid hawkish Fed expectations. 1.3300 remains a major resistance where a sustainable breach appears unlikely in the short-term, barring from any breakthrough in Brexit-related issues. We turned neutral to bearish on GBP/MYR today taking into account some recovery in MYR.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.5650	5.5845	5.5886	5.6221	5.6450

AUD/MYR



AUD/MYR Neutral to Bullish

AUD/MYR opened 0.4% higher at 3.0145 after AUD outperformed in the G10 basket overnight. This came as the RBA's move to outline in-advance the three factors to taper QE (in Feb 2020), was interpreted as a hawkish pivot although the overall stance exudes cautiousness. AUD/MYR has breached 3.0100 for now, with 3.0150 being the immediate resistance.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9700	2.9850	3.0112	3.0150	3.0326

Source: Bloomberg, HLBB Global Markets Research

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