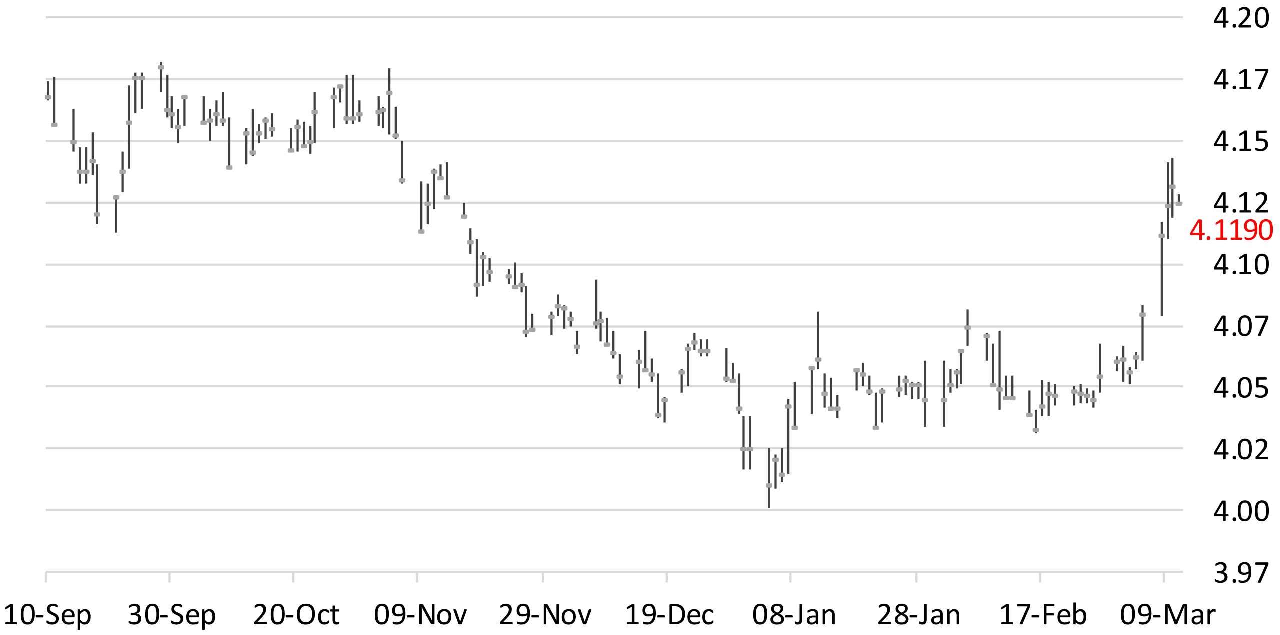
11 March 2021

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened 0.1% lower at 4.1210. We expect the pair to stabilise today after the broad retreat in USD alongside steadier US yields. The prediction of a bond selloff triggered by the accelerating inflation did not materialise, this should return some semblance of calm to the market. Expect a range of 4.10-4.13.

1-Month Outlook – MYR Bullish

We remain constructive on MYR anchored by diminishing expectation on further OPR cut by BNM. Improving global crude oil prices should also augur well with MYR gains although we have been seeing less of such influence the past few weeks. USD resilience remains a key driving factor, and this is pushing back our expectations for MYR appreciation minimally.

	S2	S1	Indicative	R1	R2
USD/MYR	4.0800	4.1000	4.1190	4.1350	4.1500

MYR Crosses

EUR/MYR

EUR/MYR Neutral

EUR/MYR opened 0.3% higher at 4.9203. We are still neutral on EUR/MYR ahead of today's ECB meeting. The reversal in EUR/USD since the last ECB meeting has taken some pressure off the ECB as the immediate concern now is on rising bond yields. Our base case is for the ECB to maintain the €1.85 trillion PEPP envelope. We do not rule out the possibility that it may signal an expansion of the package or front load the purchases.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.8872	4.9000	4.9150	4.9200	4.9200

GBP/MYR

GBP/MYR Neutral

GBP/MYR opened 0.3% higher at 5.7480, driven by the stronger GBP/USD. We continue to expect some resilience in GBP in the medium term given its net long position against the USD, but signs of fatigue may emerge. Pair is driven primarily by USD sentiment for now given the lack of UK-specific driver.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.6850	5.7000	5.7400	5.7500	5.7650

AUD/MYR

AUD/MYR Neutral to Bullish

AUD/MYR opened 0.4% higher at 3.1900 as AUD/USD stabilised above 0.77 amid higher consumer inflation expectations as well as Australian government's announcement of an AUD1.2b tourism package. This should offer some support to AUD/MYR today.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.1360	3.1586	3.1895	3.2000	3.2290

Source: Bloomberg, HLBB Global Markets Research

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