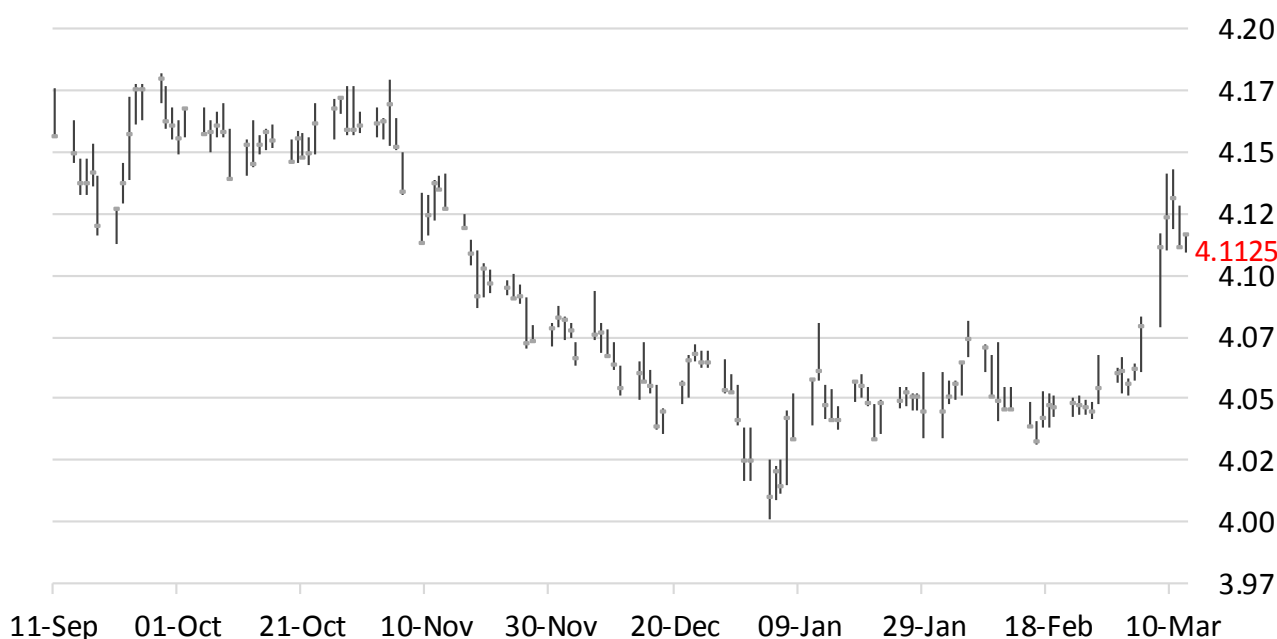


12 March 2021

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to Bullish

USD/MYR opened little changed at 4.1045. On Thursday, USD/MYR snapped a five-day winning streak amid the broad-based retreat in USD. The benign CPI reading has returned some semblance of calm to markets, with bond yields stabilising across the curve. We are neutral and bearish on USD/MYR today, expecting further down moves in USD/MYR with a range of 4.08-4.13 as the dollar pulled back further overnight. Nonetheless, pre-weekend caution may cap on downside.

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	4.1125	4.1350	4.1500

MYR Crosses

EUR/MYR



EUR/MYR Neutral

EUR/MYR opened little changed at 4.9200, picking up to near 4.9300 to catch up with the stronger EUR/USD. EUR has strengthened amid a broad-based decline of the USD despite the ECB's decision to front load its bond purchases under PEPP. In the more medium term, this move is expected to weigh on the EUR but we expect it to be well supported for now, driven by dollar weakness.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.8872	4.9000	4.9277	4.9366	4.9500

GBP/MYR



GBP/MYR Neutral to Bullish

GBP/MYR opened 0.2% higher at 5.7438, 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. UK's monthly GDP indicator is up next in the data docket.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.6850	5.7200	5.7530	5.7650	5.7800

AUD/MYR



AUD/MYR Neutral to Bullish

AUD/MYR opened little changed at 3.1971, strengthening to above 3.20 as of writing amid risk-on sentiment and higher oil prices. We expect AUD/MYR to move in tandem with the stronger AUD/USD, now trading just below 0.78.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.1650	3.1800	3.2038	3.2100	3.2290

Source: Bloomberg, HLBB Global Markets Research

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damansara

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my**DISCLAIMER**

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter.

Potential and actual conflict of interest may arise from the activities of HLB Group. HLB Group constitute a diversified financial services group. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and other activities for their own account or the account of others. In the ordinary course of their business, HLB Group may effect transactions for their own account or for the account of their customers and hold long or short positions in the financial instruments. HLB Group, in connection with its business activities, may possess or acquire material information about the financial instruments. Such activities and information may involve or have an effect on the financial instruments. HLB Group have no obligation to disclose such information about the financial instruments or their activities.

The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.