13 December 2021

Global Markets Research

Mid-day Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened slightly higher at 4.2135 and is seen trading slightly lower at time of writing. We maintain a Neutral-to-Slightly Bullish outlook on USD/MYR as markets will shift their attention to major central banks' policy decision this week, including the Fed, ECB, BOE and BOJ. A more hawkish Fed potentially detailing quicker asset tapering pace will likely be positive USD, hence capping downside in USD/MYR. We continue to eye a range of 4.20-4.25 for USD/MYR in 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	4.2075	4.2100	4.2300	4.2360

MYR Crosses

EUR/MYR

EUR/MYR Neutral

EUR/MYR opened 0.25% higher at 4.7648. EUR/USD has been flirting with the 1.13 handle and bearish momentum and absence of EUR-positive catalyst will likely push the pair below the 1.13 level again. Fed hawkish expectations will continue to underpin dollar strength, potentially outweighing expectations of a decision by the ECB to end its PEPP programme later this week. We expect EUR/MYR to trade on a neutral note today following the higher opening and expect the pair to narrow gains going into European session.

To	S2	S1	Indicative	R1	R2
EUR/MYR	4.7292	4.7400	4.7620	4.7878	4.8006

GBP/MYR

GBP/MYR Neutral

GBP/MYR opened 0.35% higher at 5.5829. GBP/USD was seen pulling back slightly this morning amid UK Prime Minister's warning of a Covid "tidal wave". The BOE is scheduled to meet on the same day as the Fed but unlike its peer, the BOE is expected to stay the course and continue to strike a cautious note, amid Omicron uncertatinties. We expect the sterling to remain under pressure as a result, with upside capped at 1.3300 for GBP/USD and 5.6000 for GBP/MYR.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.5500	5.5578	5.5819	5.5821	5.5938

AUD/MYR

AUD/MYR Neutral

AUD/MYR opened 0.21% higher at 3.0176. AUD/USD continues to trade around the 0.71 big figure, finding support from sustained risk sentiments. FOMC and first tier China data will likely be the key drivers for Aussie this week, possibly sidelining its own job data down under. Overall, we expect AUD/ MYR to rangetrade within 3.01-3.02 levels in the absence of fresh catalysts.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9955	3.0000	3.0171	3.0287	3.0349

Source: Bloomberg, HLBB Global Markets Research

Hong Leong Bank Berhad
Fixed Income & Economic Research, Global Markets
Level 8, Hong Leong Tower
6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel: 603-2081 1221
Fax: 603-2081 8936
Email: HLMarkets@hlbb.hongleong.com.my