14 December 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 lower at 4.2275 but traded higher back above the 4.23 big figure at time of writing. We maintain a Neutral-to-Slightly Bullish outlook on USD/MYR amid a firm USD and risk aversion in the markets as Omicron related fear took center stage again. We also expect markets to remain cautious and volatile ahead of key central banks' policy decisions this week, including the Fed, ECB, BOE and BOJ. A more hawkish Fed potentially detailing quicker asset tapering pace and higher dot plots will likely be positive for the 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	4.2325	4.2360	4.2420

MYR Crosses

EUR/MYR

EUR/MYR Neutral to Bullish

EUR/MYR opened 0.13% higher at 4.7712 and nudged slightly higher at time of writing. EUR/USD was seen slipping below the key 1.13 handle as expected reaffirming bearishness in the pair. Broad USD strength stemming from a more hawkish Fed vis-à-vis the ECB, as well as firmer US fundamentals will likely continue to keep EUR/USD under pressure. We expect EUR/MYR to trade on a neutral to bullish note today amid paring of risk sentiments in the markets.

To	S2	S1	Indicative	R1	R2
EUR/MYR	4.7292	4.7400	4.7746	4.7878	4.8006

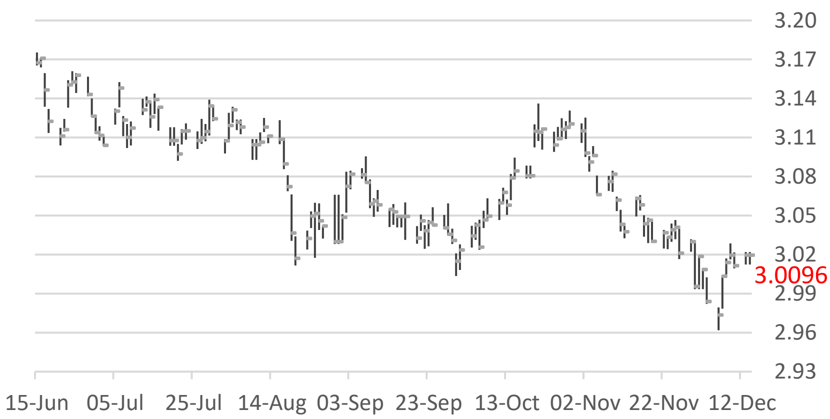
GBP/MYR

GBP/MYR Neutral

GBP/MYR opened 0.06% higher at 5.5875. GBP/USD was seen pulling back further this morning amid renewed Omicron related concerns. The UK witnessed the first Omicron death and Prime Minister BoJo had earlier warned 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, pushing GBP/USD towards 1.3160 and 5.6000 for GBP/MYR.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.5500	5.5578	5.5895	5.5938	5.6085

AUD/MYR



AUD/MYR Neutral to Bearish

AUD/MYR opened 0.13% lower at 3.0157 and moved further down to 3.0096 at time of writing tracking the decline in the Aussie towards 0.71, in part due to risk aversion in the markets and in part to a sharp pullback in November NAB business confidence (12 vs 20). Aussie is expected to stay soft ahead of FOMC and first tier China data. We expect a range of 3.00-3.02 for AUD/MYR today.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9955	3.0000	3.0096	3.0287	3.0349

Source: Bloomberg, HLBB Global Markets Research

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