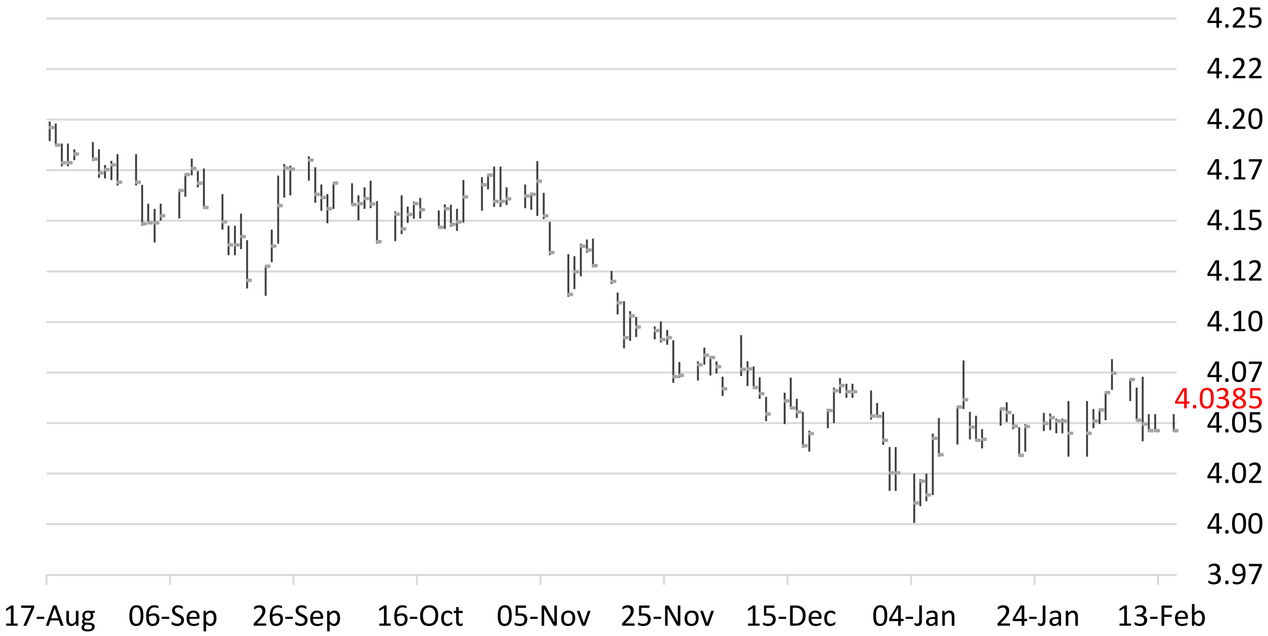
15 February 2021

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Bullish

USD/MYR opened 0.04% higher at 4.0430 but pulled back to 4.0385 at time of writing. Positive market sentiments today will continue to bode well with MYR bulls, reinforced by expectations for a bearish USD this week. This could potentially lead the pair lower to the 4.02 handle.

1-Month Outlook – MYR Bullish

We are bearish on USD/MYR on a one-month basis. Recent USD weakness has strengthened the downward trajectory in the pair. Expectations for further improvement in economic prospects in 2021 following progress in vaccination should bode well with investor risk appetite, hence our bearish view on the USD and bullish view on the MYR as a potential beneficiary of inflows into emerging markets, especially EM Asia, supported by an Asia-led recovery story.

	S2	S1	Indicative	R1	R2
USD/MYR	4.0200	4.0280	4.0385	4.0470	4.0520

MYR Crosses

EUR/MYR

EUR/MYR Neutral

EUR/MYR opened little changed at 4.8983 as both the EUR and MYR held steady amid a weakening dollar. We are maintaining our neutral-to-bullish view on the EUR and MYR, hence a neutral outlook for EUR/MYR in the absence of key market-moving drivers on both front.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.8861	4.8907	4.8998	4.9102	4.9242

GBP/MYR

GBP/MYR Neutral

GBP/MYR opened 0.36% higher at 5.6049 and continued its bullish move up above 5.61 level. We remain neutral-to-bullish on GBP/USD, but expect some gains to be limited by stretched levels. Last Friday's GDP report that showed a smaller contraction in economic activities in 4Q augurs well with the sterling. Similarly, a bullish MYR outlook is likely to keep the crosses in neutral mode.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.5816	5.5914	5.6101	5.6200	5.6296

AUD/MYR

AUD/MYR Neutral

AUD/MYR opened 0.32% higher at 3.1371. Positive risk sentiments will be positive for both Aussie and MYR, therefore likely keeping AUD/MYR in rangebound mode today. 3.15 remains a key resistance with immediate support at 3.10.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0858	3.1070	3.1371	3.1500	3.1600

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