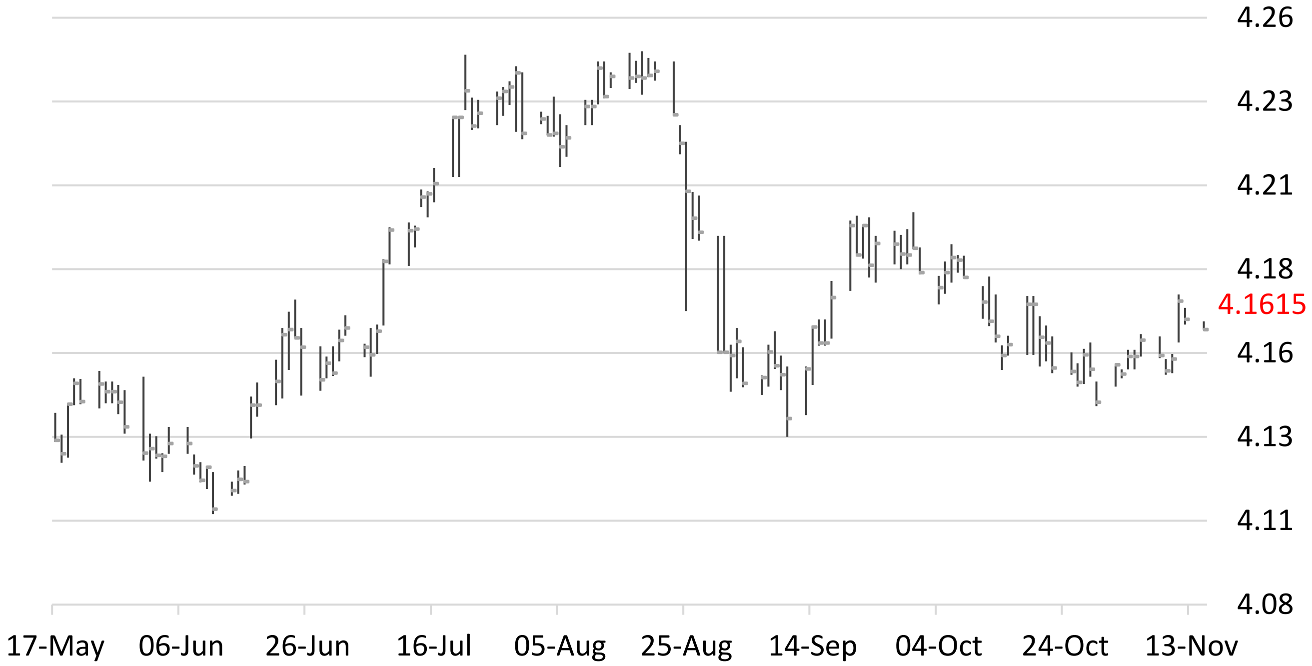
15 November 2021

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened little changed at 4.1625. USD/MYR held steadily within a tight range as the market paid no heed to the larger than expected Malaysia's GDP contraction last week. We are neutral-to-slightly bullish on USD/MYR this week as the Fed rate hike expectations and cautious market sentiments may still keep USD strength intact. Negative momentum in USD/MYR is also reducing, suggesting likelihood of some upward moves to a potential range of 4.15-4.19 this week. However, the pair is expected to trade on a neutral note at the start of the week, amid a lack of key drivers for now, sticking to 4.1550-4.1650 levels.

1-Month Outlook – MYR Neutral

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 as the Federal Reserve's policy normalization pace is conducted less aggressively compared to other global central banks.

	S2	S1	Indicative	R1	R2
USD/MYR	4.1400	4.1550	4.1615	4.1715	4.1800

MYR Crosses

EUR/MYR

EUR/MYR Neutral

EUR/MYR opened little changed at 4.7660. EUR/USD continues to trade on a bearish note with immediate support at 1.1400. However, the pair rebounded from the nearly oversold levels, indicating limited downsides. As such, we expect EUR/MYR to hold rather steadily at recent levels of 4.7600-4.7800. Key Eurozone data this week are 3Q GDP and HICP inflation.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.7500	4.7600	4.7696	4.7850	4.7939

GBP/MYR

GBP/MYR Neutral to Bearish

GBP/MYR opened little changed at 5.5877. We maintain the neutral to bearish outlook on GBP/MYR this week amid a relatively resilient MYR while the sterling continues to display bearish technical momentum against a backdrop of Brexit uncertainties. Brexit-related headlines suggest that the triggering of the Northern Ireland Protocol's Article 16 remains a major threat this week.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.5500	5.5650	5.5890	5.6000	5.6270

AUD/MYR

AUD/MYR Neutral to Slightly Bullish

AUD/MYR opened 0.5% higher at 3.0538. AUD/USD traded slightly higher this morning. The better-than-expected Chinese data may offer some near-term support to the AUD although technical indicators still point to bearish momentum. AUD remains vulnerable to dollar strength in our view and focus, after this, shifts to the RBA November meeting minutes.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0150	3.0300	3.0540	3.0680	3.0825

Source: Bloomberg, HLBB Global Markets Research

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