16 March 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 little changed at 4.1120. We remain bullish on USD/MYR, but note that the pair may consolidate after recent rally before making further climbs higher. Volatility remains but prospects of more cautious trading in the USD ahead of a closely-watched FOMC meeting this week on the Fed stance on inflation and bond yields will likely result in a somewhat more muted move overall. We continue to eye a range of 4.09-4.15 this week.

1-Month Outlook – MYR Bearish

We have adjusted our G10 and Asia FX forecasts, taking into account a stronger dollar profile for 1H-2021, before some weakness from 2H-2021. We see some support in the dollar amid concerns on rising yields. Notably, we expect the dollar to strengthen towards 2Q before trending down and thus a higher USD/MYR in the medium term.

	S2	S1	Indicative	R1	R2
USD/MYR	4.0900	4.1000	4.1150	4.1350	4.1500

MYR Crosses

EUR/MYR

EUR/MYR Neutral

EUR/MYR opened 0.2% lower at 4.9019. EUR has remained slightly resilient amid higher USD yield and despite the ECB's decision to front load its bond purchases under PEPP. We are neutral on the pair ahead of FOMC; pair is now more dollar-driven. In the more medium term, we see a weaker EUR as traders trimmed the net long positions back to Jun-20 levels.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.8872	4.9000	4.9075	4.9366	4.9500

GBP/MYR

GBP/MYR Neutral to Bearish

GBP/MYR opened 0.5% lower at 5.7126, correcting from recent high. Momentum has faded ahead of the FOMC and BOE's meetings. Pair is driven primarily by USD sentiment for now before focus turns to the BOE. We expect BOE to maintain its cautious economic assessment as well as its monetary policy.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.6700	5.6850	5.7098	5.7200	5.7500

AUD/MYR

AUD/MYR Neutral

AUD/MYR opened 0.2% lower at 3.1847 and is expected to stay neutral today much like the past three sessions amid cautious sentiment. RBA's minutes reaffirmed the central bank's goal to meet its inflation target before hiking the cash rate, citing the needs for wages growth to go above 3% sustainably.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.1650	3.1800	3.1891	3.2100	3.2290

Source: Bloomberg, HLBB Global Markets Research

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