

17 February 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 0.1% higher at 4.0340 after the greenback broadly firmed up amidst higher UST yields. This should help support the pair in the short term as the 10s looks set to hit 1.5%. Having said that, higher oil prices remain a determinant for USD/MYR but the effect is fading compared to a firmer USD if the selloff in USTs persists. We turned neutral to bullish on USD/MYR for the remainder of the week.

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	4.0250	4.0400	4.0470	4.0520

MYR Crosses

EUR/MYR



EUR/MYR Neutral

EUR/MYR opened 0.5% lower at 4.8702 after EUR/USD retreated. Momentum looks muted for EUR/MYR although EUR maintains its bullish bias. Maintain neutral outlook for EUR/MYR. Latest GDP estimate confirmed weaknesses in the Eurozone's fundamentals although the upward revision (-0.7% to -0.6%) was a welcoming one.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.8630	4.8700	4.8836	4.9025	4.9117

GBP/MYR



GBP/MYR Neutral to Bullish

GBP/MYR opened 0.3% lower at 5.5934. We remain neutral-to-bullish on GBP/USD, but expect some gains to be limited by stretched levels. GBP has proven to be resilient despite a firmer USD. Additionally, GBP/MYR is likely to be supported by weaker MYR in the short term.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.5816	5.5914	5.6087	5.6200	5.6296

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.6% lower at 3.1181 after commodity currencies retreated against a stronger greenback. Oil benchmarks continued to hold above \$60/barrel but the effect is likely fading. AUD/USD has pulled back from 0.78. This likely places AUD/MYR in neutral mode. 3.15 remains a key resistance with immediate support at 3.10.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0858	3.1000	3.1313	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**DISCLAIMER**

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