17 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 4.1130. No change to our bullish view on USD/MYR, but we 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 decision tomorrow pertaining to the Fed's 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 | 4.1195 | 4.1350 | 4.1500 |

## MYR Crosses

### EUR/MYR


**EUR/MYR Neutral**

EUR/MYR opened 0.2% lower at 4.8965. 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 | 4.9012 | 4.9366 | 4.9500 |

### GBP/MYR


**GBP/MYR Neutral to Bearish**

GBP/MYR opened 0.6% higher at 5.7194. We maintain our neutral to bearish outlook on the pair 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 | 5.7195 | 5.7200 | 5.7500 |

### AUD/MYR


**AUD/MYR Neutral**

AUD/MYR opened 0.3% higher at 3.1867 and is expected to stay neutral today amid cautious sentiment. The lack of AUD specific driver alongside the anticipation for the Fed's decision is likely to keep the pair around recent ranges.

| | S2 | S1 | Indicative | R1 | R2 |
|---|---|---|---|---|---|
| AUD/MYR | 3.1650 | 3.1800 | 3.1852 | 3.2100 | 3.2290 |

*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