

18 January 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 0.2% higher than 4.0445, catching up with stronger USD last Friday. USD/MYR has been hovering at 4.04-4.05 big figures. Additional stimulus aids as proposed by Biden coupled with the Fed’s pledge for extended accommodation are expected to keep USD supported, hence likely keeping USD/MYR slightly bullish in the range of 4.03-4.08 in the week ahead. BNM’s OPR decision is due Wednesday and we are expecting the central bank to maintain OPR at 1.75%.

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 EMAsia, supported by an Asia-led recovery story.

	S2	S1	Indicative	R1	R2
USD/MYR	4.0200	4.0300	4.0450	4.0500	4.0700

MYR Crosses

EUR/MYR



EUR/MYR Neutral

EUR/MYR opened 0.6% lower at 4.8712 in response to weaker euro last week. Pair is USD driven as overall USD strength is likely to keep both EUR and MYR muted. We maintain a neutral outlook for now, expecting no change in ECB's policy this Thursday.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.8580	4.8700	4.8862	4.9070	4.9181

GBP/MYR



GBP/MYR Neutral

GBP/MYR opened 0.6% lower at 5.4786, as GBP weakened last Friday amid stronger USD. We remain neutral on the pair as it managed to stage some rebound from morning's low. USD strength also plays a key role. Fundamental wise, UK's economic recovery continued to be threatened by the pandemic despite some potentially short-term reprieve in Brexit-driven manufacturing growth.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4688	5.4709	5.4948	5.5080	5.5250

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.7% lower at 3.1018 and managed to recover to above 3.11 as of writing. Pair finally pulled back from the highs of circa 3.15 as risk-off sentiment bites. This led it back towards the more neutral range of 3.10-3.12. China's GDP report appears to have little effect on the AUD; we maintain a neutral outlook for now amid muted momentum.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0875	3.1000	3.1145	3.1277	3.1413

Source: Bloomberg, HLBB Global Markets Research

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