

18 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 little changed at 4.0360. The bullish trend is likely to extend into today's session as the greenback continued to firm up across the board. Rising US yields is likely to help support the pair in the short term as the 10s looks set to hit 1.5%. Higher oil prices remain an influence for USD/MYR but the effect is fading compared to a firmer USD if the selloff in USTs resumes. 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	4.0365	4.0470	4.0520

MYR Crosses

EUR/MYR



EUR/MYR Neutral

EUR/MYR opened 0.2% lower at 4.8634 as EUR/USD continued to pull back. Momentum for EUR looks to be retreating across the board as it weakened against GBP and JPY. We maintain neutral outlook for EUR/MYR. Latest GDP estimate confirmed weaknesses in the Eurozone's fundamentals, vaccination rate remains relatively slowed compared to its peers.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.8350	4.8500	4.8601	4.8732	4.8933

GBP/MYR



GBP/MYR Neutral to Bullish

GBP/MYR opened 0.2% lower at 5.5984 after the sterling lose out to a firmer dollar in the prior session. 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	5.5900	5.5920	5.6200	5.6296

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.1% lower at 3.1325. Oil benchmarks continued to rally but the effect on commodity currencies appeared to have faded in the wake of stronger USD. This likely places AUD/MYR in a 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	3.1289	3.1500	3.1600

Source: Bloomberg, HLBB Global Markets Research

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