19 February 2021

Global Markets Research

Mid-day Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened little changed at 4.0415 and is holding steadily at this level as of writing. The rally in USD took a breather overnight as markets reassessed upbeat US economic data and the potential stimulus bills. We maintain the view that rising US yields is likely to help support USD/MYR in the short term as the 10s looks set to hit 1.5%. USD could firm up further if the selloff in USTs resumes. Having said that, markets are now reassessing the potential difficulties for Biden's $1.9trillion stimulus bills to pass at Congress. We turned neutral on USD/MYR today ahead of the weekend.

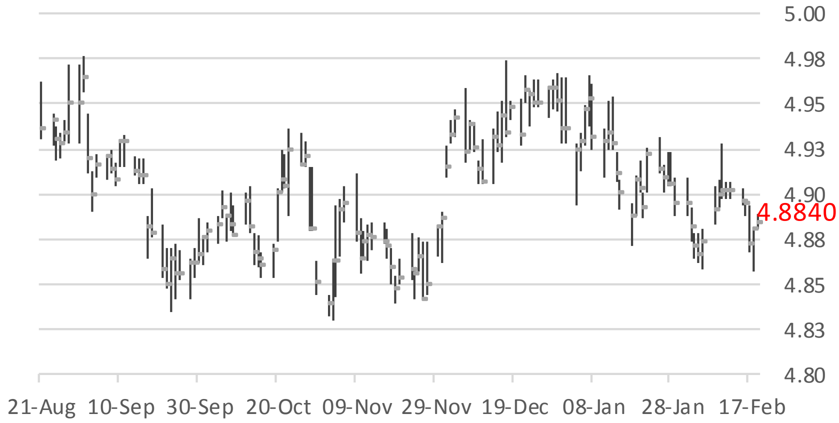
1-Month Outlook – MYR Bullish

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	4.0415	4.0470	4.0520

MYR Crosses

EUR/MYR



EUR/MYR Neutral

EUR/MYR opened 0.2% higher at 4.8882 as EUR recovered some ground amid a reversal in broad-based USD. We see a neutral EUR/USD and bearish EUR/GBP in the week ahead and maintain a neutral outlook for EUR/MYR on the back of mixed sentiments. The Eurozone's PMI data due today is expected to be a short term guidance; further weakness should weigh on EUR sentiments.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.8500	4.8743	4.8840	4.8927	4.9054

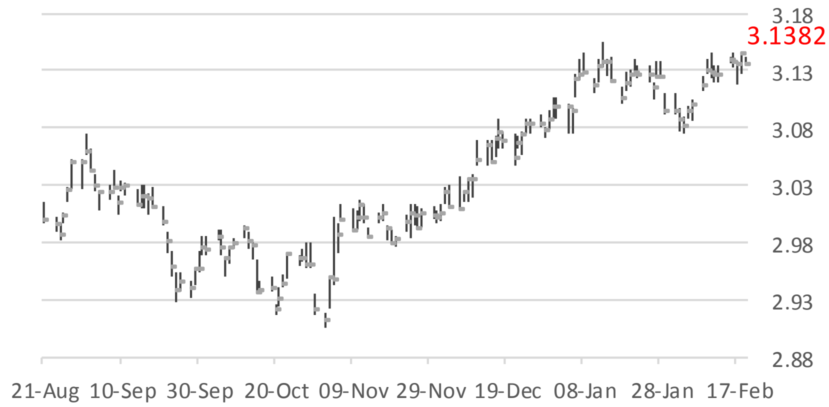
GBP/MYR

GBP/MYR Neutral to Bullish

GBP/MYR opened 0.4% higher at 5.6464 after the GBP emerged as the biggest winner overnight amid a dollar reversal. We remain neutral-to-bullish on GBP/USD, but expect some gains to be limited by stretched levels. GBP is likely to continue benefitting from upbeat Covid-19 sentiment (lower cases and quick vaccinations).

	S2	S1	Indicative	R1	R2
GBP/MYR	5.6083	5.6266	5.6397	5.6475	5.6700

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.1% lower at 3.1404. Oil benchmarks retreated from recent highs as overall risk sentiments turned slightly sour. Nonetheless Brent crude remained above $60/barrel and this should continue to support AUD in the short term. 3.15 remains a key resistance with immediate support at 3.10.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.1000	3.1154	3.1382	3.1500	3.1600

Source: Bloomberg, HLBB Global Markets Research

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