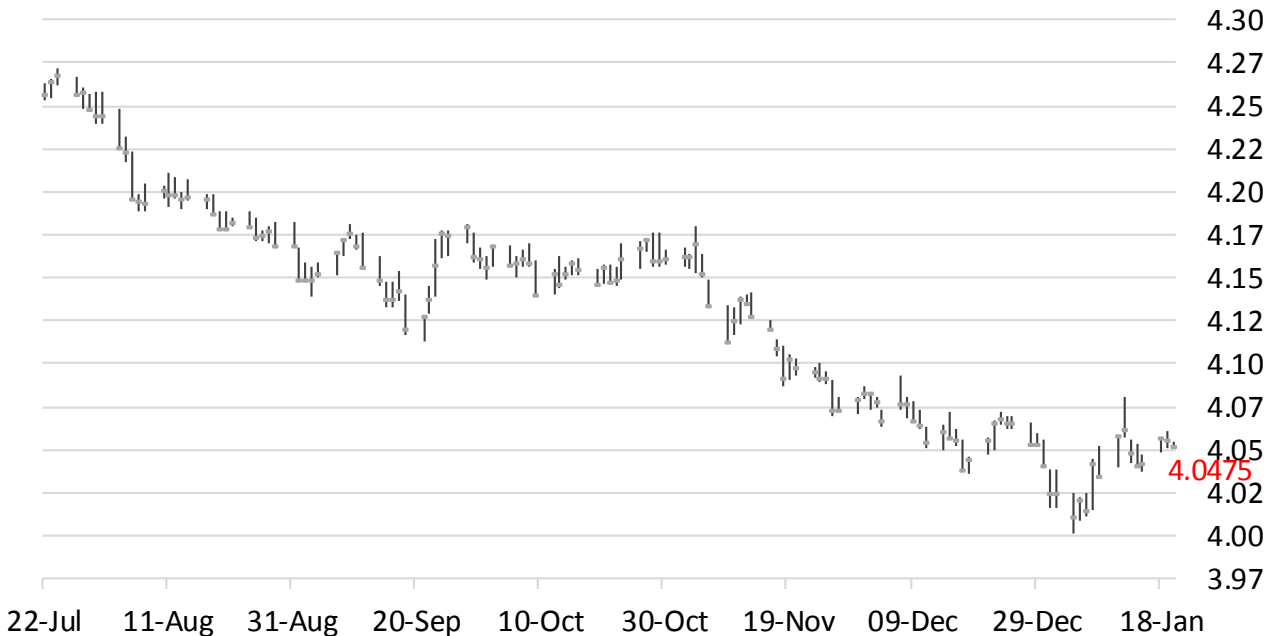


20 January 2021

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 4.0480 and is likely to remain at current level ahead of today’s BNM OPR decision. In the short term, we maintain our neutral to slightly bullish outlook for USD/MYR on the back of positive US stimulus sentiment ahead of Joe Biden’s inauguration. However, focus now turns to BNM OPR decision due 3pm. We are expecting the central bank to keep OPR unchanged at 1.75% but did not rule out the possibility that it would adjust its neutral policy tone to incorporate more dovishness in view of renewed economic concerns. Maintain a weekly range of 4.03-4.08 for USD/MYR this 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 EMAsia, supported by an Asia-led recovery story.

	S2	S1	Indicative	R1	R2
USD/MYR	4.0200	4.0300	4.0475	4.0500	4.0700

MYR Crosses

EUR/MYR



EUR/MYR Neutral

EUR/MYR opened 0.2% higher at 4.9168 on the back of stronger EUR overnight. Overall momentum looks muted ahead of BNM and ECB meetings, likely staying at 4.90-4.93. We maintain a neutral outlook for now, expecting no change in ECB's policy this Thursday.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.8880	4.9070	4.9146	4.9225	4.9370

GBP/MYR



GBP/MYR Neutral to Bearish

GBP/MYR opened 0.3% higher at 5.5261 after GBP strengthened in the previous session. Pair is GBP driven; we are neutral to bearish on GBP/USD, watching for further strength towards 1.37 to before signalling for a change in momentum.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4688	5.4965	5.5248	5.5307	5.5466

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.1% higher at 3.1242. The neutral mode is likely to extend into the rest of today's session amid key event risk (Biden's inauguration).

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0875	3.1000	3.1250	3.1277	3.1413

Source: Bloomberg, HLBB Global Markets Research

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