

21 January 2021

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to Bullish

USD/MYR opened little changed at 4.0425 but weakened to below 4.04 as risk-on sentiment dominates market. BNM's decision to maintain OPR and its neutral policy stance also benefits MYR to some extent. We are neutral to bearish on USD/MYR today as pair is trading at 4.0345 as of writing, targeting 4.03 support next. In the short term, we turn neutral to bearish on USD/MYR after BNM's policy pause while at the same time expecting US stimulus optimism to fade now that Biden is settled in.

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	4.0300	4.0335	4.0500	4.0700

MYR Crosses

EUR/MYR



EUR/MYR Neutral to Bearish

EUR/MYR opened 0.11% lower at 4.8985, after the EUR weakened against USD overnight. Overall momentum looks bearish, driven by stronger MYR today. We are neutral to bearish on the pair, mainly because of a stronger MYR call but caution that investors might hold back ahead of today's ECB meeting

	S2	S1	Indicative	R1	R2
EUR/MYR	4.8708	4.8830	4.8906	4.9070	4.9225

GBP/MYR



GBP/MYR Neutral to Bearish

GBP/MYR opened little changed at 5.5262 but weakened slightly to circa 5.51 thanks to a stronger MYR. We maintain a neutral to bearish outlook for the pair. GBP/USD is now sustaining just below 1.37, eyeing the key resistance again; failure to take out the resistance may signal a reversal.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4688	5.4965	5.5151	5.5307	5.5466

AUD/MYR



AUD/MYR Neutral to Bullish

AUD/MYR opened 0.3% higher at 3.1365; improved risk sentiment alongside upbeat Australian job data helped drive the pair; upside however is limited by stronger MYR.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.1143	3.1277	3.1334	3.1409	3.1551

Source: Bloomberg, HLBB Global Markets Research

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