

22 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 4.0430. 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 for the week ahead, anticipating a range of 4.03-4.06. Malaysia's CPI and exports data are unlikely to elicit much market movements.

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	4.0390	4.0470	4.0520

MYR Crosses

EUR/MYR



EUR/MYR Neutral

EUR/MYR opened little changed at 4.9010. We maintain a neutral outlook for EUR/MYR anticipating muted movements of EUR/USD. We expect EUR/USD to stay within a range of 1.2010-1.2180 for the week ahead. This, coupled with neutral MYR sentiment is expected to keep EUR/MYR within a range of 4.8750-4.9150.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.8500	4.8754	4.8950	4.9084	4.9155

GBP/MYR



GBP/MYR Neutral to Bullish

GBP/MYR opened 0.2% higher at 5.6702, trading at circa 5.66 as of writing. This is the pair's strongest level since Sep-17 as bullish GBP sentiments persisted. We remain neutral-to-bullish on GBP/USD. GBP is likely to continue benefitting from upbeat Covid-19 sentiment (lower cases and quick vaccinations).

	S2	S1	Indicative	R1	R2
GBP/MYR	5.6276	5.6380	5.6623	5.6760	5.6900

AUD/MYR



AUD/MYR Neutral to Bullish

AUD/MYR opened 0.8% higher 3.1863 after the sharp gain in AUD/USD last Friday. The bullish oil sentiment is likely to support AUD in general. Overbought RSI condition risks sending the pair down to 3.15-3.17.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.1500	3.1700	3.1827	3.1940	3.2000

Source: Bloomberg, HLBB Global Markets Research

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