22 March 2021

Global Markets Research

Mid-day Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened 0.2% higher at 4.1185. In the week ahead, we expect USD/MYR to stay neutral potentially eying a range of 4.10-4.14, as the USD will likely remain supported by risk-off sentiments, as we eye another potential round of selloff in the treasuries and other factors such as new Covid-19 wave in Europe.

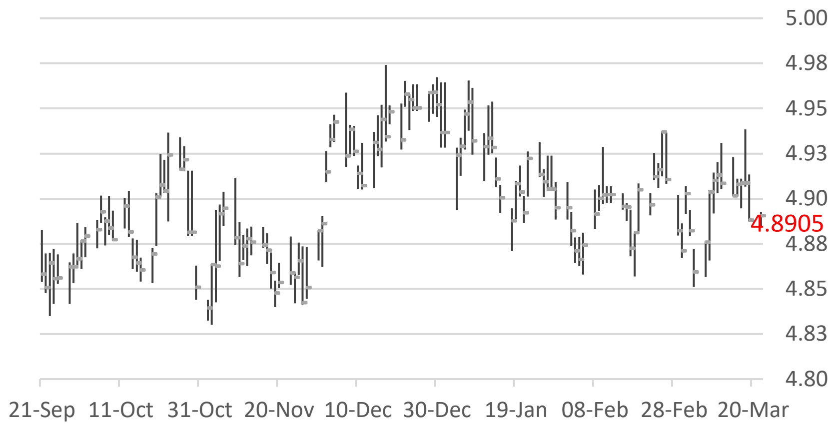
1-Month Outlook – MYR Bearish

We have adjusted our G10 and Asia FX forecasts, taking into account a stronger dollar profile for 1H-2021, before some weakness from 2H-2021. We see some support in the dollar amid concerns on rising yields. Notably, we expect the dollar to strengthen towards 2Q before trending down and thus a higher USD/MYR in the medium term.

	S2	S1	Indicative	R1	R2
USD/MYR	4.0900	4.1000	4.1140	4.1350	4.1500

MYR Crosses

EUR/MYR



EUR/MYR Neutral to Bearish

EUR/MYR opened 0.4% lower at 4.8845. In the short term, we see weaker EUR/MYR, driven by a softer EUR amid a stronger USD as the selloff in US treasuries likely to continue. In the medium term, extended lockdowns in key European countries and slower vaccination pace (which results in divergence of US and Eurozone's growth outlook) alongside the PEPP front loading are likely contribute to further downside.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.8500	4.8760	4.8905	4.9000	4.9250

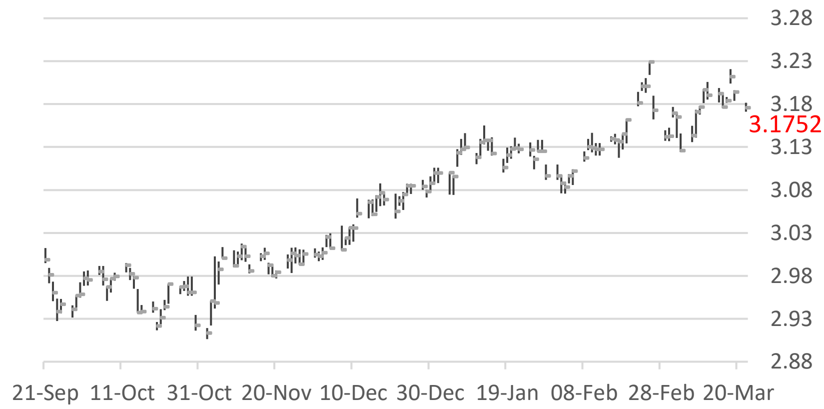
GBP/MYR

GBP/MYR Neutral

GBP/MYR opened 0.9% lower at 5.6856, correcting further from the recent high. GBP remains dollar driven for now. This week's January UK job report and retail sales are likely to have deteriorated but market might have priced in the data. Less negative readings could provide some short-term boost to GBP.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.6500	5.6741	5.6890	5.7000	5.7220

AUD/MYR



AUD/MYR Neutral to Bearish

AUD/MYR opened 0.6% lower at 3.1740, catching up with last Friday's down moves. Risk-adverse mood, alongside weaker oil prices are expected to weigh on AUD/USD, now trading at the lower end of 0.77. We expect AUD/MYR to move in tandem as well.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.1500	3.1615	3.1752	3.1941	3.2000

Source: Bloomberg, HLBB Global Markets Research

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