23 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% lower at 4.1095. We remain neutral on the pair, eyeing 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 US treasuries and other factors such as the new Covid-19 wave in Europe. The markets are being cautious for now ahead of this week's treasury auctions while also eyeing Fed Chair Powell and Secretary Yellen's congressional testimony.

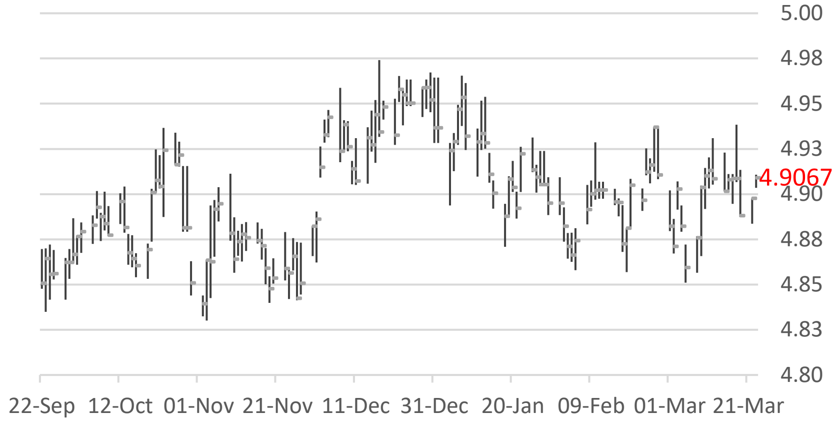
1-Month Outlook – MYR Bearish

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	4.1130	4.1350	4.1500

MYR Crosses

EUR/MYR



EUR/MYR Neutral to Bearish

EUR/MYR opened 0.4% higher at 4.9107. Despite that, we still see a weaker EUR/MYR, as risk aversion offers support to USD. 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	4.8760	4.8930	4.9067	4.9200	4.9380

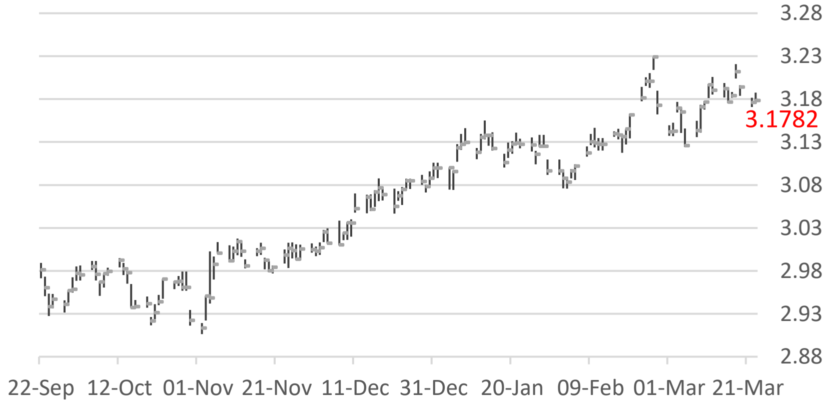
GBP/MYR

GBP/MYR Neutral

GBP/MYR opened little changed at 5.7038. GBP remains dollar driven for now. Today's January UK job report and retail sales are likely to have deteriorated but market might have already 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	5.6941	5.7000	5.7220

AUD/MYR



AUD/MYR Neutral to Bearish

AUD/MYR opened 0.4% higher at 3.1877. Risk-adverse mood, alongside weaker oil prices are expected to weigh on AUD/USD, now still 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	3.1782	3.1941	3.2000

Source: Bloomberg, HLBB Global Markets Research

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