24 March 2021

Global Markets Research

Mid-day Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral

USD/MYR opened 0.3% higher at 4.1335 but weakened to below 4.13 as of writing. 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 while markets watch out for another round of treasury auctions.

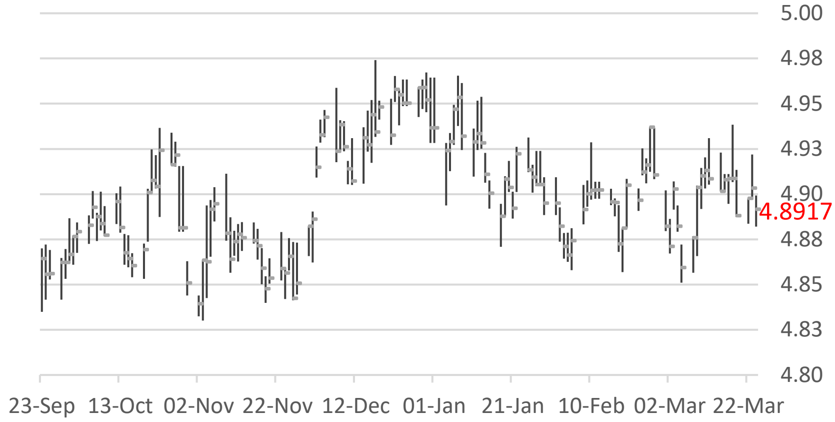
1-Month Outlook – MYR Bearish

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	4.1290	4.1350	4.1500

MYR Crosses

EUR/MYR



EUR/MYR Neutral to Bearish

EUR/MYR opened 0.4% lower at 4.8823. We continue to 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	4.8560	4.8769	4.8917	4.9200	4.9380

GBP/MYR

GBP/MYR Neutral to Bearish

GBP/MYR opened 0.5% lower at 5.6631. We are neutral to bearish as GBP is expected to be pressured by a strong USD as well as the EU's planned six-week ban on vaccine exports to the UK as this threatens the UK's vaccination progress and may thwart its 4-step reopening plan.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.6250	5.6400	5.6686	5.7000	5.7220

AUD/MYR

AUD/MYR Neutral to Bearish

AUD/MYR opened 1% lower at 3.1372. Risk-adverse mood, alongside the steep losses in crude oil prices are expected to weigh on AUD/USD, now still trading at the lower end of We expect AUD/MYR to move in tandem as well.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.1000	3.1200	3.1364	3.1525	3.1800

Source: Bloomberg, HLBB Global Markets Research

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