25 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 4.0440, hovering at recent ranges. We are slightly bullish on MYR in a holiday-shortened week ahead, anticipating an improvement in risk sentiments with major event risks behind us. FOMC meeting will unlikely spring any surprises.

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	4.0475	4.0500	4.0700

MYR Crosses

EUR/MYR

EUR/MYR Neutral

EUR/MYR opened little changed at 4.9195, strengthening to above 4.92 as of writing. Pair has strengthened substantially last Friday mainly because of a weaker MYR before the week ends. We are neutral on EUR/USD ahead of the FOMC meeting and thus maintain neutral outlook for EUR/MYR cross as well. Given that overall momentum still looks muted.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.8830	4.9123	4.9250	4.9400	4.9538

GBP/MYR

GBP/MYR Neutral to Bullish

GBP/MYR opened little changed at 5.5337; We retain our neutral-to-bullish stance on the GBP as GBP/USD targets 1.3800 big figure this week. However, the UK's job data are in focus tomorrow and any disappointment would pave way for some down moves.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.4965	5.4306	5.5450	5.5585	5.5700

AUD/MYR

AUD/MYR Neutral to Bullish

AUD/MYR opened 0.3% lower at 3.1191 but picked up to 3.13 as of writing. We still see AUD/USD inching towards the 0.78-0.80 range, supported by the rally in commodity prices. This supports our case for resilient AUD/MYR. For the week ahead, data focus is on CPI, where markets expect some stability.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.1010	3.1143	3.1300	3.1409	3.1551

Source: Bloomberg, HLBB Global Markets Research

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