25 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 4.0400. We remain neutral on USD/MYR as the rally in oil prices does not appear to have any effect on MYR. We anticipate a range of 4.025-4.06 amid a lack of catalyst on the domestic front. Exports data are not expected to elicit any meaningful movements on the pair.

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	4.0430	4.0500	4.0600

MYR Crosses

EUR/MYR

EUR/MYR Neutral to Bullish

EUR/MYR opened little changed at 4.9186. No change to our neutral outlook for EUR/MYR amid mixed dollar sentiment. Pair is likely to hover at recent levels given the lack of any major driver. EUR's net long position supports the case of a slightly bullish view in the short to medium term.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.8764	4.8927	4.9162	4.9200	4.9400

GBP/MYR

GBP/MYR Neutral

GBP/MYR opened 0.2% lower at 5.7177, retreating from the high in previous session. Momentum has remained strong for GBP/MYR but the stretched levels mean that there is limit to more upside. The overbought RSI condition paves way for some downward corrections in the short term before trending up again on fundamental factors.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.6276	5.6665	5.7129	5.7513	5.7600

AUD/MYR

AUD/MYR Neutral to Bullish

AUD/MYR opened 0.7% higher at 3.2237, catching up with AUD/USD. AUD/MYR is expected to move in line with the bullish AUD/USD. The rally in oil prices and overall risk-on sentiments have boosted AUD/USD further, targeting 0.80 critical level next.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.1700	3.2000	3.2168	3.2200	3.2400

Source: Bloomberg, HLBB Global Markets Research

Hong Leong Bank Berhad
Fixed Income & Economic Research, Global Markets
Level 8, Hong Leong Tower
6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel: 603-2081 1221
Fax: 603-2081 8936
Email: HLMarkets@hlbb.hongleong.com.my