

26 February 2021

Global Markets Research
Mid-day Currency Outlook
USD/MYR


Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to Bearish

USD/MYR opened little changed at 4.0425. The pair briefly breached 4.06 before pulling back to a tad above 4.05 as of writing. The broader rebound in USD alongside sharp rise in US treasury yields spurred demand for USD ahead of the weekend. This should keep the pair within 4.04-4.07 in the short term.

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	4.0250	4.0400	4.0510	4.0600	4.0700

MYR Crosses

EUR/MYR



EUR/MYR Neutral to Bullish

EUR/MYR opened 0.5% lower at 4.9116 but rebounded to near 4.93 amid weaker MYR. No change to our view that 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	4.8970	4.9155	4.9279	4.9370	4.9500

GBP/MYR



GBP/MYR Neutral to Bearish

GBP/MYR opened 1.1% lower at 5.6574, as market corrected the recent spike, in line with our earlier view the overbought RSI condition paved way for downward movements in the short term. Support at 5.6400, but we expect some resilience in GBP given its net long position.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.6276	5.6400	5.6732	5.7000	5.7250

AUD/MYR



AUD/MYR Neutral to Bearish

AUD/MYR opened 1.6% lower at 3.1765, catching up with the down moves of AUD/USD. Market corrected from the sharp rally in AUD and other commodity-related currencies. The RBA has likely bought more Australian government bonds to defend its 3-year yield target 0.1% (yield went up as high as 0.15% today before easing to 0.11% currently). This could potentially keep a lid on AUD strength in the short term.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.1245	3.1524	3.1814	3.2000	3.2200

Source: Bloomberg, HLBB Global Markets Research

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