29 November 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 4.2375 from last Friday's close of 4.2385. The knee jerk swings in the FX markets triggered by the surface of the South African covid variants late last week appeared to have somewhat settled in Asia trading this morning but overall sentiments remain fragile and cautious. We expect risk aversion to continue to suppress demand for risk, keeping USD/MYR in a bullish tone today. This is expected to lead the pair to test the next psychological level at 4.25 next although we do not discount the possibility of some technical correction since the pair is in overbought conditions now.

1-Month Outlook – MYR Bullish

We expect the MYR to be relatively resilient in the medium term, taking into account further economic recovery after the government relaxed more Covid-19 related restrictions. This also takes into account our view that the broader USD is also expected to strengthen modestly supported by Fed rate hike expectations and likely outperformance of recovery in the US.

	S2	S1	Indicative	R1	R2
USD/MYR	4.2200	4.2300	4.2375	4.2400	4.2500

MYR Crosses

EUR/MYR

EUR/MYR Neutral to Bullish

EUR/MYR opened 0.25% higher at 4.7863. We expect a bullish bias in the pair today on the back of a firmer EUR/USD while the MYR is expected to remain under pressure in a risk-off environment although overbought in USD/MYR will likely cap upside in EUR/MYR. USD strength and renewed uncertainties surrounding the pandemic in Europe and now the Omicron variant, are expected to be negative for EUR/USD near term.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.7382	4.7646	4.7807	4.8032	4.8254

GBP/MYR

GBP/MYR Neutral to Bullish

GBP/MYR opened 0.21% higher at 5.6544 following Friday's gain in the sterling but weakness in the MYR. We are neutral to bullish on the pair today expecting a weaker MYR in a risk-off market, dented by reemergence of uncertatinties surrounding the pandemic which could potentially destabilize the recovery and policy normalization path. Immediate support is at 5.6271 while resistance lies at 5.6572.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.6120	5.6271	5.6580	5.6658	5.6845

AUD/MYR

AUD/MYR Neutral to Bullish

AUD/MYR opened 0.21% higher at 3.0273 tracking the overall trend in other MYR crosses. AUD/USD is seen trading on firmer grounds this morning as markets weigh the implications of Omicron. Daily outlook for AUD/MYR is neutral to bullish in anticipation of a softer MYR outlook today, while the Aussie could see some consolidation after last Friday's massie selloff.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0000	3.0144	3.0282	3.0338	3.0400

Source: Bloomberg, HLBB Global Markets Research

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