

# Maybank FX Research

FX Tech-Flash

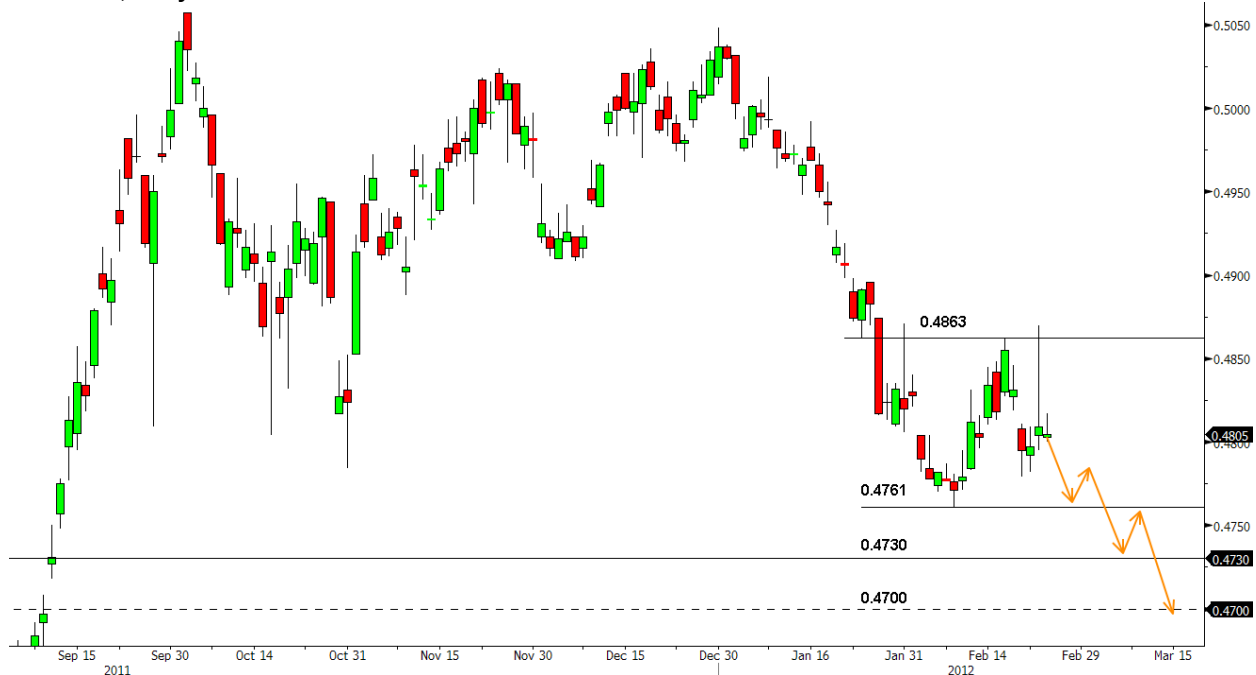
Thursday, February 23, 2012

## MYR Strength Continues. Breakouts Seen In Some Major Crosses

MYR has been strengthening across the spectrum of most majors. We note that MYR crosses have gapped in favour of MYR strength on today's open with many XXX/MYR crosses showing shooting star candlestick formations. Additional MYR strength could be seen going forward. **In particular, we recommend selling NZD/MYR at 2.5200, with stop at 2.5525, targeting 2.4820, for a risk-reward of about 1.17.** Please see the text for further details.

In the majors space, NZD/CHF and EUR/GBP have shown textbook breakout patterns. Elaborations are included in the text below.

### CNY/MYR, Daily



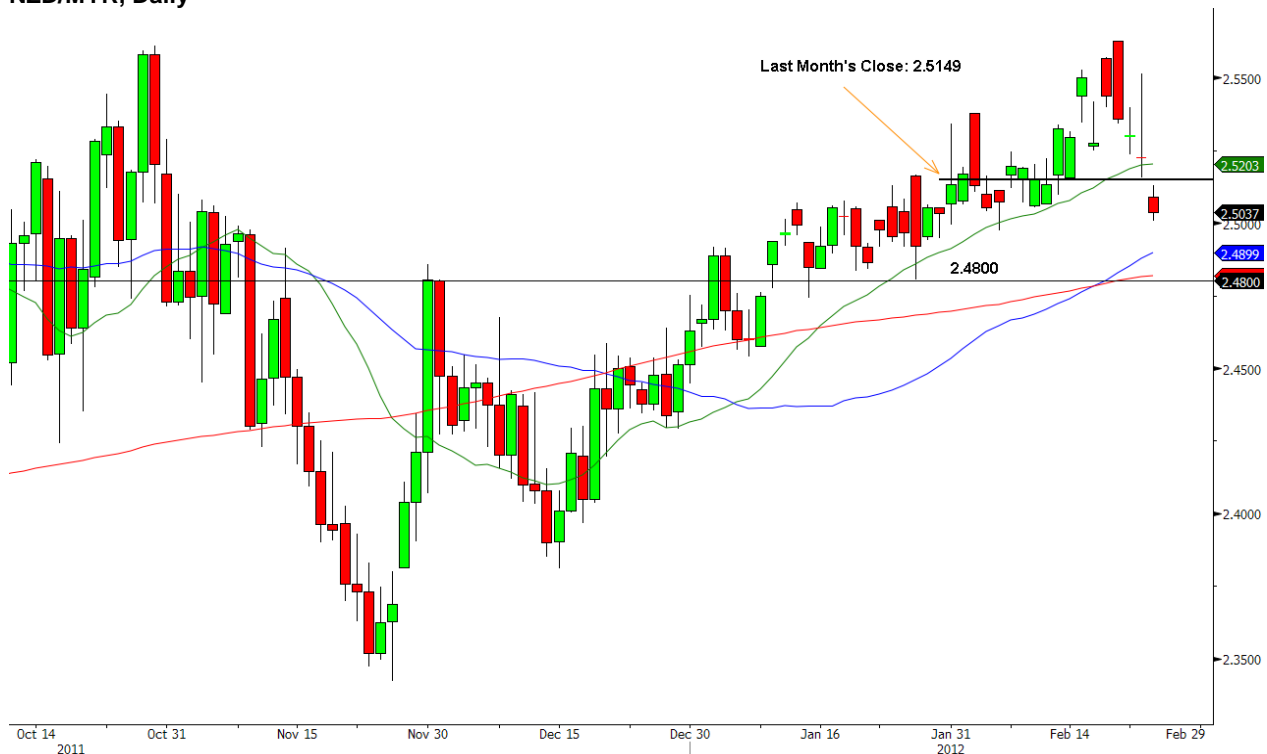
- CNY/MYR could drift towards current swing low at 0.4761 in the interim. Possible scenario if MYR continues to strengthen outlined.
- Bearish price action, a shooting star off the 0.4863 resistance region, indicates increased odds of a downside move.
- Currently in broad range between 0.4863 and 0.4761. Need a close above 0.4863 for a shift towards the upside.

### GBP/MYR, Daily



- 4.7450 is a major weekly support level. GBP/MYR gapped open below it today. Possibility of further downside in the future. We also note that the gap open can be considered a breakout from a consolidation pattern (in orange).
- Gaps have a tendency to fill, we might see short term upside to fill the gap before further decline.
- Minor support at 4.7287 before heavy support in the 4.7000/4.6975 region.

**NZD/MYR, Daily**



- NZD/MYR gapped open below last month's close at 2.5149. We note that the open was also below the 20DMA which has been supporting the pair since the beginning of 2012.
- Could see some downside to about 2.4900 where the 50DMA is before the 2.4800 level where there is heavy support and the 200DMA.
- We note that NZD has been distributing (selling, via long covering or short building) across most majors. Given that MYR has been strengthening, we are apt to see decent downside for this pair to 2.4800.
- In light of this, **we recommend selling NZD/MYR at 2.5200, with stop at 2.5525, targeting 2.4820, for a risk-reward of about 1.17.**

**USD/MYR, Daily**



- USD/MYR continues to range at this juncture. There is a downside bias with resistance at 3.0300/3.0350 capping price today.
- 3.0000 has been tested once, short covering/buy orders have probably diminished. We need to see how USD/MYR reacts to the psychological 3.0000 level should the pair manage to trade there.
- Minor trend line is highlighted in orange. A close below it would suggest that 3.0000 will be tested shortly. A close below 3.0000 could take USD/MYR towards 2.9750.

NZD/CHF, Daily



- NZD/CHF has broken out from a classical rising wedge formation. We could see some downside to the key 0.7500 region in the interim. For this case in particular, we are looking for a rally off 0.7500 to sell into if the opportunity arises. **We will update if chart formations give rise to favourable opportunities.**
- As mentioned, NZD has been distributing across the currency spectrum. Risk related assets have also been flat lining. A bout of risk aversion will very likely send the pair lower and could be the impetus needed to precipitate a downtrend in the pair.

EUR/GBP, Daily



- EUR/GBP has broken out of a 2.5mth long basing formation. Similar to the breakout of NZD/CHF, immediate upside is capped by a psychological round number, 0.8500. We note very heavy resistance in the 0.8500/0.8530 region.
- For a buy signal, we are in particular looking out for a buy-on-dips type of scenario, I.E.: a sell down from 0.8500 and price action in the 0.8400 region.
- **We will update should there be developments worth betting on.**

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