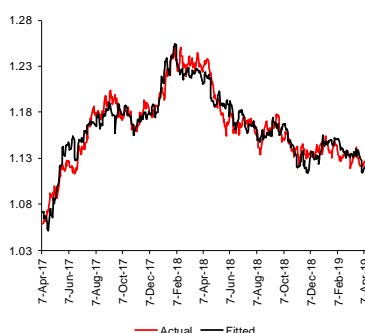


Tuesday, April 09, 2019

Market Themes/Strategy/Trading Ideas

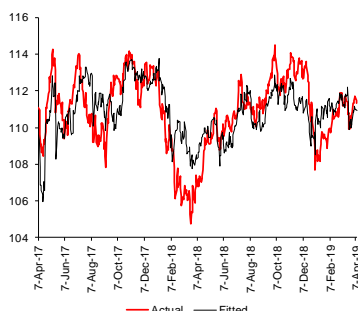
- Contrary to prior expectations, the USD retreated against the majors (including the JPY) on Monday as markets attempted to latch onto a macro green shoots environment (copper higher, WTI > 64.00 while the S&P500 continued to nudge higher). Resource-based FX outperformed and the DXY thus settled lower towards the 97.00 neighborhood. The **FXSI (FX Sentiment Index)** ticked higher but remained in Risk-On territory.
- Heightened risks ahead.** PM May will be in Paris/Berlin on Tuesday while Fed speak (Quarles, Clarida) is also expected in an otherwise thin calendar. Commodity/cyclical FX may continue to outperform against the USD ahead of the slew of event risks beginning from Wednesday. **We caution against riding too hard on the back of the equity bandwagon given potential for heightened risks in the coming sessions.**

EUR-USD



Markets ignored the weaker than expected German Feb trade numbers as broad-based USD weakness took a hold. Short term implied valuations are a touch higher and despite potential to reach higher intra-day, 1.1300 may cap pending further headline risks. Structurally, expectations surrounding the ECB this week remain dovish.

USD-JPY

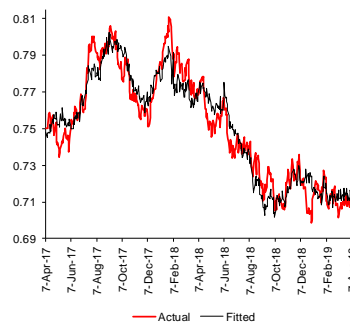


Short term implied valuations for the USD-JPY sit range bound at this juncture and the pair may continue to trade on both sides of its 200-day MA (111.50) in the interim. Expect some upside to materialize if Fed-speak later today is less than outrightly dovish.

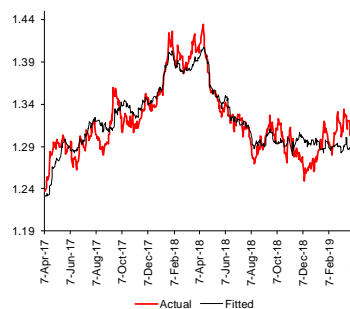
Treasury Research &
Strategy

Emmanuel Ng
+65 6530 4037
ngcyemmanuel@ocbc.com

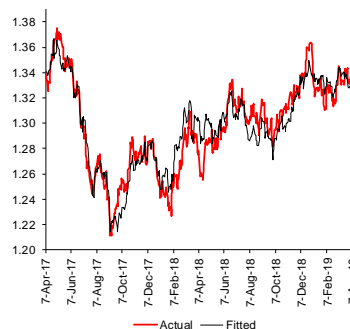
Terence Wu
+65 6530 4367
TerenceWu@ocbc.com

AUD-USD

Despite overnight 'positivity', note that short term implied valuations remain relatively muted. Preference to range trade the pair with the 55-day MA (0.7119) serving as home base.

GBP-USD

Prospects of a further delay may continue to underpin the GBP-USD with short term implied valuations for the pair also still attempting to tick higher. However, a no-deal ejection has not been entirely ruled out just yet, and markets may see GBP-USD stall towards 1.3080 with the 55-day MA (1.3096) providing another layer of resistance. Headline-dependent remains the key word.

USD-CAD

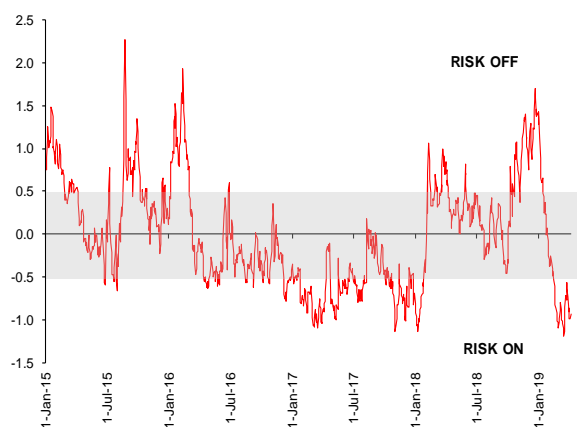
Firmer crude pressured the USD-CAD lower and short term implied valuations for the pair have also stepped lower. Expect some heaviness in the pair today to persist with first support towards the 55-day MA (1.3290).

Source: OCBC Bank

Asian Markets

- USD-Asia – Some divergence within the USD-Asia space.** Despite the volatility in the TRY, positive EM equities and a softer USD overnight may lend some support to regional FX. At this juncture, we expect TRY issues to remain contained, and not impinge on USD-Asia in general. Nevertheless, idiosyncratic factors may drive relative differences within USD-Asia, with the INR (higher crude), KRW (cited dividend payments) and THB are expected to remain relative laggards.
- Asia flow environment – Slight dip in South Korea, but still supported overall.** South Korea is seeing a moderation in strong overall net inflows as net bond inflows ease sharply while net equity inflows pick up. Note also the continued net outflow balance for Thailand. India meanwhile is still exhibiting positive momentum in overall net inflows (bond and equities) although some consolidation may be in store.
- USD-SGD – Range ahead of headline risks.** The SGD NEER was lifted higher this morning, on the back of broad USD weakness, to +1.77% above its perceived parity (1.3782), with NEER-implied thresholds softer. There is a relative lack of idiosyncratic negative drivers for the SGD compared to other Asian currencies for now. Thus, the USD-SGD may stay within a narrow range ahead of headline risks stemming from central banks (ECB, Fed midweek and MAS on Fri). Preference to collect dips towards 1.3530, with the 55-day MA (1.3540) also likely to provide another focal point.

FX Sentiment Index



Source: OCBC Bank

Technical Support and resistance levels

	S2	S1	Current	R1	R2
EUR-USD	1.1177	1.1200	1.1264	1.1300	1.1315
GBP-USD	1.2982	1.3000	1.3075	1.3095	1.3100
AUD-USD	0.7100	0.7116	0.7124	0.7139	0.7198
NZD-USD	0.6719	0.6734	0.6741	0.6800	0.6824
USD-CAD	1.3290	1.3300	1.3317	1.3400	1.3435
USD-JPY	110.83	111.00	111.34	111.50	112.00
USD-SGD	1.3500	1.3538	1.3543	1.3580	1.3600
EUR-SGD	1.5171	1.5200	1.5255	1.5300	1.5319
JPY-SGD	1.2081	1.2100	1.2163	1.2200	1.2216
GBP-SGD	1.7587	1.7700	1.7708	1.7717	1.7727
AUD-SGD	0.9600	0.9634	0.9648	0.9659	0.9699
Gold	1279.50	1280.90	1297.10	1300.00	1306.89
Silver	15.04	15.20	15.21	15.30	15.46
Crude	61.60	64.30	64.34	64.37	64.40

Source: OCBC Bank

Trade Ideas

Inception		B/S	Currency	Spot/Outright	Target	Stop/Trailing Stop	Rationale	
	TACTICAL							
1	05-Mar-19	S	AUD-USD	0.7074	0.6870	0.7175	Potentially dovish RBA, macro conditions soggy	
2	02-Apr-19	S	EUR-CAD	1.4923	1.4685	1.5045	Dovish ECB vs. relatively more sanguine BOC	
STRUCTURAL								
3	19-Mar-19	Long 2M USD-SGD 25-delta strangle Spot ref: 1.3508; Strikes: 1.3618, 1.3371; Exp: 16/05/19; Cost: 0.41%					Relatively depressed vol surface ahead of imminent global headline risks	
RECENTLY CLOSED TRADE IDEAS								
	Inception	Close	B/S	Currency	Spot	Close	Rationale	P/L (%)*
1	28-Feb-19	08-Mar-19	S	3M USD-CNH	6.6861	6.7350	Renminbi stability, PBOC policy backstop, conducive inflow environment	-0.73
2	27-Feb-19	13-Mar-19	S	1M THB-PHP	1.6536	1.6750	Contrasting flow dynamics	-1.29
3	07-Mar-19	13-Mar-19	B	USD-CAD	1.3430	1.3315	BOC stalls in its tightening bias	-0.85
4	23-Jan-19	21-Mar-19	B	GBP-AUD	1.8159	1.8440	Contrasting risk profiles in the near term	+1.35
5	14-Feb-19	25-Mar-19	B	USD-JPY	111.00	109.98	Dollar resilience, revival in risk appetite levels	-0.61
6	01-Apr-19	02-Apr-19	S	GBP-AUD	1.8336	1.8600	Bounce in China PMI vs. Brexit uncertainty	-1.42

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC and/or its related and affiliated corporations may at any time make markets in the securities/instruments mentioned in this publication and together with their respective directors and officers, may have or take positions in the securities/instruments mentioned in this publication and may be engaged in purchasing or selling the same for themselves or their clients, and may also perform or seek to perform broking and other investment or securities-related services for the corporations whose securities are mentioned in this publication as well as other parties generally.

This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).
