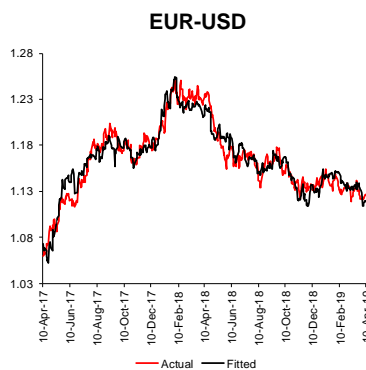


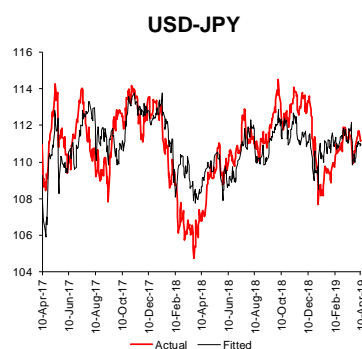
Wednesday, April 10, 2019

Market Themes/Strategy/Trading Ideas

- The dollar ended flat to a touch softer within G10 space while the JPY outperformed on the crosses as risk appetite stalled slightly. Markets mulled potential US tariffs on EU products while the (unsurprising) downgrades in IMF growth forecasts also weighed on sentiment. EZ/US equities ended in the red while UST/bund yields also eased. The **FXSI (FX Sentiment Index)** ticked higher within Risk-On territory.
- **Watch your screens.** Risk appetite plays (and not so much discretionary dollar views) may dominate in the short term as the potentially headline-heavy Wednesday gets underway and investors will likely stay sidelined. Headline risks include the ECB decision (1145 GMT) with Draghi scheduled at 1230 GMT, US March CPI (1230 GMT), FOMC minutes (1800 GMT). Central bank speak includes RBA's DeBelle (0340 GMT), BOJ's Kuroda (0615 GMT), Fed's Quarles (1550 GMT), and ECB's Coeure (1800 GMT). Expect further headlines out of the IMF-World Bank meetings in Washington.



Fade upticks. Short term implied valuations for EUR-USD are holding steady and the pair may traverse a 1.1250-1.1300 pending the headline buzz later today. Beyond 1.1300, the 55-day MA (1.1320) may also cap. Technically, failure at 1.1300 this week may punish the pair lower multi-session, especially if the ECB elicits further dovish policy expectations today.

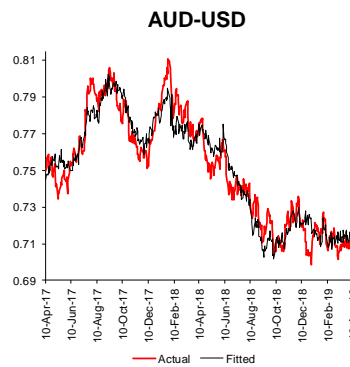


Upside impetus for the USD-JPY may have vanished for now barring a hawkish surprise from the FOMC minutes tonight. Short term implied valuations for the USD-JPY are also looking suppressed and the 55-day MA (110.73) may now be under threat if risk aversion deepens.

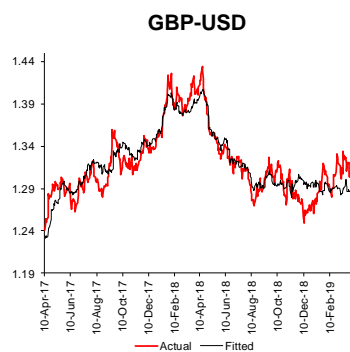
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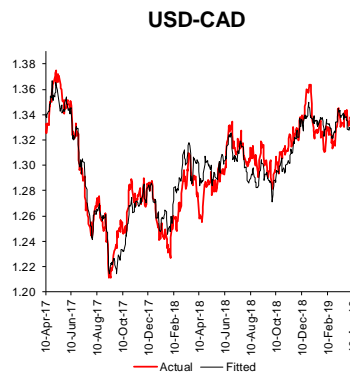
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Short term implied valuations remain largely stable at this juncture and the AUD-USD may continue to oscillate around its 55-day MA (0.7118) pending global macro sentiment developments and the RBA's DeBelle today. **Structurally, accumulate on dips towards 0.7065 instead.**



Downside risks. Amid chatter that Brexit may be delayed by up to a year (potentially inciting further political uncertainty in the UK), investors will await the EU's comments at the EU Summit today. Although short term implied valuations meanwhile remain underpinned market caution towards upside for the pair remains apparent. In the interim, the 55-day MA (1.3095) will be expected to continue to dissuade any GBP bulls out there. Risk-rewards we think favors further decay to the 200-day MA (1.2972).



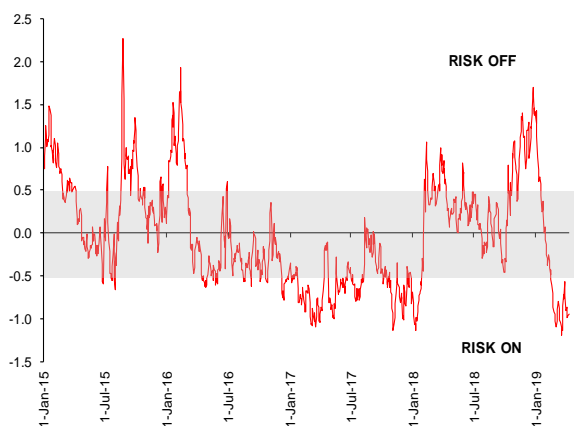
Unless global growth concerns deepen appreciably in the near term, our view remains unchanged and USD-CAD may persist towards the downside towards the 55-day MA (1.3290) with 1.3350 seen limiting.

Source: OCBC Bank

Asian Markets

- USD-Asia – Pending directionality from Chinese data.** Overnight equities were mixed, with EU/US weak but EM firmer as a whole. Nevertheless, the slight risk-off tone should impart some marginal lift to USD-Asia as a whole. With the USD-Renminbi effectively in a stalemate within recent levels, we think USD-Asia will track broad USD ahead of risk events and Chinese data. In the interim, look to idiosyncratic factors to drive specific pairs.
- Asia flow environment – Improvement among the laggards.** The leading lights, South Korea and India, continue to see their overall inflow momentum coming off the tops. In South Korea, note that equity inflows are replacing bonds as the main driver for overall inflow momentum. Elsewhere, Indonesia saw bond inflows rebound sharply higher, while the Philippine inflow momentum retains a gentle upward trajectory. Meanwhile, outflow momentum is moderating in Thailand and Malaysia.
- USD-SGD – Range ahead of headline risks.** The SGD NEER inched higher again this morning to +1.77% above its perceived parity (1.3777), as NEER-implied USD-SGD thresholds softened further. Expect USD-SGD to remain trapped in a range, with the 55-day MA (1.3539) acting as an anchor ahead of the MAS MPS on Friday.

FX Sentiment Index



Source: OCBC Bank

Technical Support and resistance levels

	S2	S1	Current	R1	R2
EUR-USD	1.1177	1.1200	1.1258	1.1300	1.1311
GBP-USD	1.2979	1.3000	1.3053	1.3093	1.3100
AUD-USD	0.7100	0.7113	0.7115	0.7140	0.7168
NZD-USD	0.6719	0.6734	0.6744	0.6800	0.6821
USD-CAD	1.3294	1.3300	1.3335	1.3400	1.3433
USD-JPY	110.87	111.00	111.14	111.50	112.00
USD-SGD	1.3500	1.3539	1.3540	1.3581	1.3600
EUR-SGD	1.5171	1.5200	1.5244	1.5300	1.5314
JPY-SGD	1.2081	1.2100	1.2183	1.2200	1.2213
GBP-SGD	1.7582	1.7600	1.7674	1.7700	1.7714
AUD-SGD	0.9600	0.9631	0.9634	0.9661	0.9677
Gold	1281.16	1300.00	1301.70	1306.76	1319.65
Silver	15.03	15.10	15.15	15.20	15.45
Crude	61.58	64.00	64.09	64.10	64.73

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	
STRUCTURAL							
2	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	27-Feb-19 13-Mar-19	S	1M THB-PHP	1.6536	1.6750	Contrasting flow dynamics	-1.29
2	07-Mar-19 13-Mar-19	B	USD-CAD	1.3430	1.3315	BOC stalls in its tightening bias	-0.85
3	23-Jan-19 21-Mar-19	B	GBP-AUD	1.8159	1.8440	Contrasting risk profiles in the near term	+1.35
4	14-Feb-19 25-Mar-19	B	USD-JPY	111.00	109.98	Dollar resilience, revival in risk appetite levels	-0.61
5	01-Apr-19 02-Apr-19	S	GBP-AUD	1.8336	1.8600	Bounce in China PMI vs. Brexit uncertainty	-1.42
6	02-Apr-19 05-Apr-19	S	EUR-CAD	1.4923	1.5045	Dovish ECB vs. relatively more sanguine BOC	-0.79

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