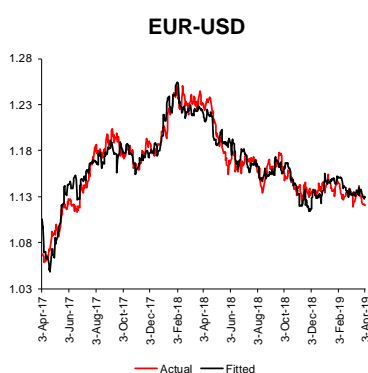


Wednesday, April 03, 2019

### Market Themes/Strategy/Trading Ideas

- Except the GBP, the majors lost ground against the USD (despite mixed Feb durable goods orders) on Tuesday while the antipodeans underperformed across the board in the wake of the RBA meeting. GBP-USD bounced higher after news emerged that PM May would seek a further delay (beyond 12 Apr 19) for Brexit. Note slight air of market caution with the JPY outperforming on the crosses with US Treasuries and bunds receiving a slight bid - the **FXSI (FX Sentiment Index)** ticked higher within Risk-On territory.
- **Generalized USD resilience may persist pending headline risks.** Apart from expected headlines from the Sino-US trade talks, look to the slew of global services/composite PMIs (China's due at 0145 GMT; non-manufacturing ISM at 1400 GMT) as well as Fed speak (Bostic, George, Barkin, Kashkari) for further cues as investors search for directionality as growth concerns remain in close proximity.
- **Trade idea – Tactical short EUR-CAD.** Pitting the latest guidance from the ECB vis-à-vis the Bank of Canada, the **EUR-CAD** may remain top heavy in the near term, with the loonie deriving additional traction from supported crude. From a spot ref of 1.4923 on Tuesday, we look to a 1.4685 objective and a stop placed at 1.5045.

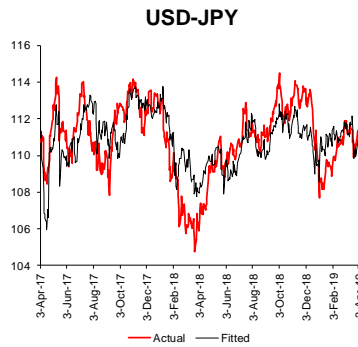


EZ svc/composite PMIs are due at 0800 GMT and the pair may continue to mull a sustained break below the 1.1200 handle towards 1.1165. Notably, short term implied valuations remain slippery towards the downside.

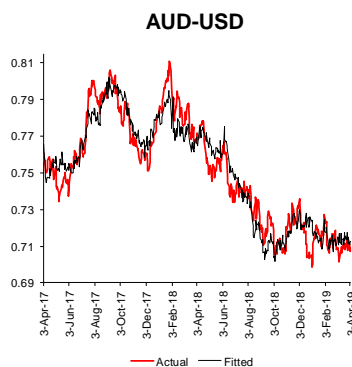
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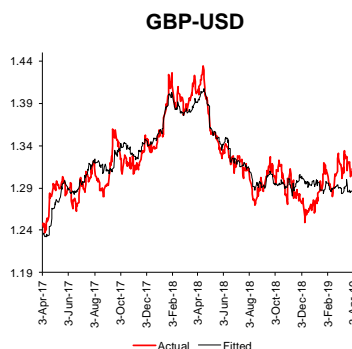
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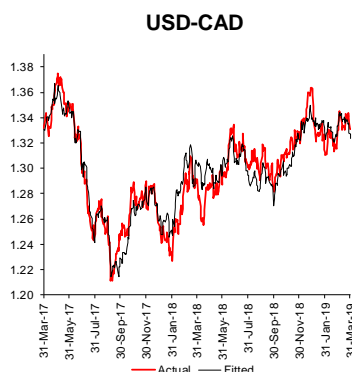
The near term view remains unchanged and short term implied valuations for the USD-JPY remain buoyed by rate differentials. The 200-day MA (111.48) remains under threat ahead of 111.80 and 112.00.



Despite the slightly stimulative budget, the RBA's latest guidance as well as softening Mar svc/comp PMIs are expected to keep the AUD-USD under negative pressure. Short term implied valuations for the AUD-USD are also heavier and the pair is expected to be lead footed within 0.7035 and its 55-day MA (0.7122).



Short term implied valuations remain relatively static for the GBP-USD but the pair remains hostage to headline risks. The 1.3130/50 neighborhood we think need to be surpassed to establish a foothold higher. Notably, short term riskies remain 'depressed' and the support at the 55-day MA (1.3086) may remain porous.



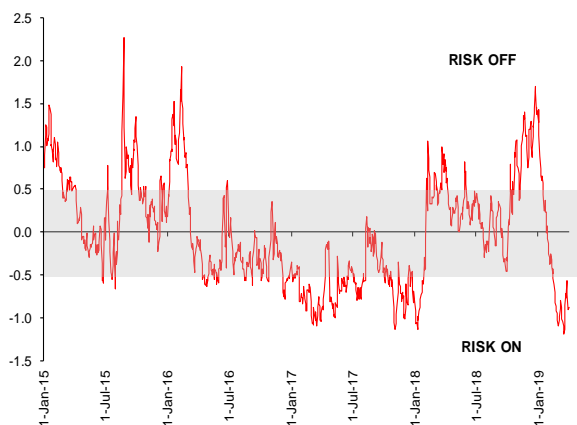
Short term implied valuations have blipped slightly higher (note Vancouver home sales headlines) but the firm crude complex may serve to cap the pair. Preference to be short within a 1.3285-1.3370 range.

Source: OCBC Bank

## Asian Markets

- **TRY volatility and slight investor apprehension may be balanced by any potential positivity arising from Sino-US talks and a slight improvement in the net portfolio situation in the region.** BOT MPC minutes are due at 0200 GMT and may reveal a slightly softer posture. Overall, markets continue to attempt to impute rate cuts across the region, with the South Korean curve having now inverted.
- On a brighter note, the **INR** was the mover of the day after its long weekend on the back of the latest surge in bond and equity inflows and the RBI's 2<sup>nd</sup> USD-INR swap. India's March manufacturing PMI however slipped to 52.6 from 54.3 a month earlier.
- **Asian portfolio flows – Renewed influx into equities.** Renewed inflows into Indian equities late last week caused inflow momentum to accelerate higher again. Meanwhile, a similar drive into equities in North Asia also pushed inflow momentum in South Korea and Taiwan. The flow picture in other parts of South Asia continues to look tepid for now.
- **USD-SGD – Range trading.** The SGD NEER firmed again to +1.74% above its perceived parity (1.3782) this morning, although NEER-implied thresholds were effectively static. At this juncture, the USD-SGD may orbit its 55-day MA(1.3543) pending further external cues. Meanwhile, March Nikkei PMI this morning ticked higher to 51.8 from 49.8 the previous month. Watch official PMIs later today (1300 GMT).

### FX Sentiment Index



Source: OCBC Bank

### Technical Support and resistance levels

	S2	S1	Current	R1	R2
EUR-USD	1.1177	1.1200	1.1216	1.1300	1.1327
GBP-USD	1.3099	1.3100	1.3131	1.3200	1.3340
AUD-USD	0.7003	0.7035	0.7093	0.7100	0.7118
NZD-USD	0.6738	0.6739	0.6763	0.6800	0.6830
USD-CAD	1.3284	1.3300	1.3326	1.3400	1.3458
USD-JPY	110.66	111.00	111.44	111.48	112.00
USD-SGD	1.3500	1.3539	1.3542	1.3600	1.3606
EUR-SGD	1.5159	1.5171	1.5189	1.5200	1.5335
JPY-SGD	1.2091	1.2100	1.2152	1.2200	1.2235
GBP-SGD	1.7722	1.7733	1.7783	1.7800	1.8029
AUD-SGD	0.9552	0.9600	0.9606	0.9637	0.9639
Gold	1280.80	1280.83	1291.20	1300.00	1306.63
Silver	15.06	15.10	15.11	15.20	15.49
Crude	62.68	62.70	62.76	62.80	62.83

Source: OCBC Bank

### Trade Ideas

Inception	B/S	Currency	Spot/Outright	Target Stop/Trailing Stop	Rationale			
<b>TACTICAL</b>								
1	05-Mar-19	S	AUD-USD	0.7074 0.6870 0.7175	Potentially dovish RBA, macro conditions soggy			
2	01-Apr-19	S	GBP-AUD	1.8336 1.7815 1.8600	Bounce in China PMI vs. Brexit uncertainty			
3	02-Apr-19	S	EUR-CAD	1.4923 1.4685 1.5045	Dovish ECB vs. relatively more sanguine BOC			
<b>STRUCTURAL</b>								
4	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			
<b>RECENTLY CLOSED TRADE IDEAS</b>								
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

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