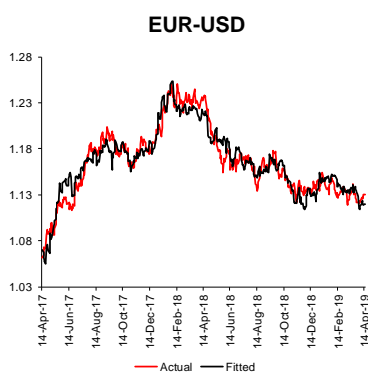


Tuesday, April 16, 2019

### Market Themes/Strategy/Trading Ideas

- Markets took a breather on Monday and the dollar ended on both sides of the line with the DXY ending largely unchanged and most pairs flat lined with scant significant drivers for investors to latch on to. GBP-USD lifted slightly amid talks between the government and the opposition while USD-CAD also gained on disappointing data. The **FXSI (FX Sentiment Index)** meanwhile inched higher but remained in Risk-On territory.
- **We favor near term headroom for AUD-USD and USD-JPY.** Going ahead, continue to watch for headlines pertaining to Sino-US trade negotiations and the China data dump on Wednesday for further cues. In the interim, risk/yield seeking behavior may prevail.
- With the recent China data feed providing a shot in the arm for positive investor and global macro sentiment, we initiate a **tactical long AUD-USD** on Monday. From a spot ref of 0.7167, we target 0.7380 and place a stop at 0.7055.



**Stay tactical.** Markets may attempt to test higher ahead of Thursday's EZ PMI but this may remain a tactical play. The 55-day MA (1.1312) may still be at risk with the next waypoint expected at around 1.1350. Expect some bottom picking behaviour towards 1.1285.

Treasury Research &  
Strategy

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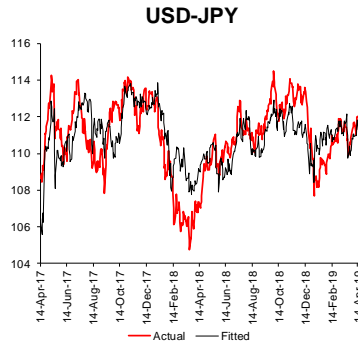
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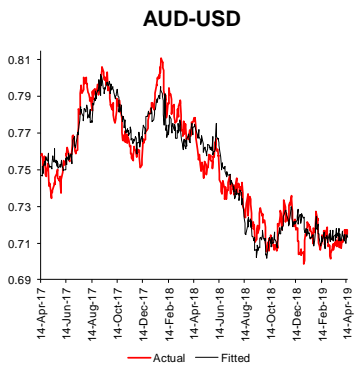
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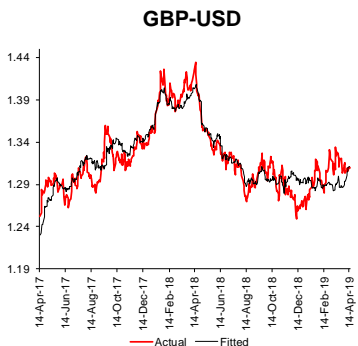
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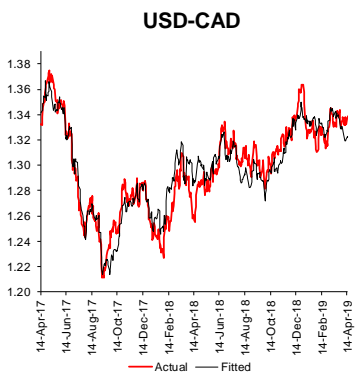
**Search higher.** Mildly hawkish comments from the Fed's Evans gel with the still relatively supported looking short term implied valuations for USD-JPY. If risk appetite levels remain buffered, expect the USD-JPY to circulate within the upper half of the range bordered by the 200-day MA (111.52) and 112.40.



**Stymied by RBA minutes.** Sufficiently dovish vibes from the RBA minutes this morning may be expected to take the positive edge off the AUD intra-day in line with its slightly heavy short term implied valuations. Expect the 200-day MA (0.7192) to cap for now with good support seen at the 100-day MA (0.7138) and then at the 55-day MA (0.7120).



**Still soggy.** Markets may continue to ignore supportive short term implied valuations for the GBP-USD and the 55-day MA (1.3093) may continue to be a short term locus ahead of the Feb-Mar labor market numbers today. First resistance expected towards 1.3160.



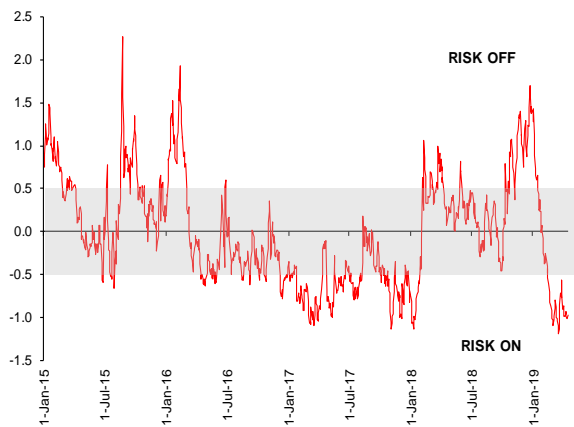
**Downside diluted for now.** USD-CAD shifted higher on softer crude and a weakening BOC business sentiment outlook. Slightly more rangy behavior may be expected with short term implied valuations for the USD-CAD also looking to bounce after the recent dip. Expect a floor at the 100-day MA (1.3335) with 1.3440 seen limiting.

Source: OCBC Bank

### Asian Markets

- USD-Asia – Consolidation higher?** Softer US (and EM) equities from overnight may be balanced by the slightly more confident sounding PBOC (it will control excessive money supply) from Monday, keeping the RMB complex broadly within range. With the 6.7000/50 base still holding after the recent decline in the USD-CNH, we think there may be scope for some consolidation higher for USD-Renminbi (and USD-Asia) intra-day.
- Asia flow environment – Inflows into India and South Korea off cyclical highs.** Equity and bond inflow momentum have moderated sharply from cyclical highs in India. In South Korea, renewed inflow momentum on the equity front was insufficient to offset bond outflows. Meanwhile, equity inflow momentum into Taiwan also moderated slightly. On the other hand, look to Indonesia and Philippines for improving inflow momentum, with Indonesia potentially coming back as a leader on this front, especially if the elections are negotiated without surprises. **A tight short-term correlation (20-day rolling basis) has re-emerged between actual portfolio inflows and the IDR and PHP. In that context, we look for the IDR and PHP to outperform the likes of KRW and TWD in the near term.**
- USD-SGD – Range bound but supported on dips.** The SGD NEER stands at +1.80% above its perceived parity (1.3770) this morning, with NEER-implied USD-SGD thresholds edging marginally firmer. Without significant domestic drivers, we retain a range-bound view for this pair for now, pending further directionality from the RMB complex and broad USD. The 55-day MA (1.3538) may continue to serve as a near term junction.

#### FX Sentiment Index



Source: OCBC Bank

#### Technical Support and resistance levels

	S2	S1	Current	R1	R2
EUR-USD	1.1177	1.1200	1.1296	1.1299	1.1300
GBP-USD	1.2991	1.3000	1.3084	1.3097	1.3100
AUD-USD	0.7100	0.7107	0.7144	0.7177	0.7200
NZD-USD	0.6714	0.6733	0.6751	0.6800	0.6810
USD-CAD	1.3300	1.3314	1.3392	1.3400	1.3440
USD-JPY	111.05	111.52	111.91	112.00	112.10
USD-SGD	1.3486	1.3500	1.3536	1.3542	1.3581
EUR-SGD	1.5171	1.5200	1.5290	1.5300	1.5301
JPY-SGD	1.2051	1.2069	1.2096	1.2100	1.2195
GBP-SGD	1.7700	1.7708	1.7710	1.7735	1.7800
AUD-SGD	0.9600	0.9625	0.9670	0.9700	0.9710
Gold	1276.16	1279.50	1285.20	1300.00	1304.71
Silver	14.81	14.90	14.91	15.00	15.01
Crude	61.40	63.30	63.33	63.40	64.79

Source: OCBC Bank

### Trade Ideas

Inception	B/S	Currency	Spot/Outright	Target Stop/Trailing Stop	Rationale		
<b>TACTICAL</b>							
1	15-Apr-19	B	AUD-USD	0.7167 0.7380 0.7055	Near term recovery in global macro sentiment		
<b>STRUCTURAL</b>							
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		
<b>RECENTLY CLOSED TRADE IDEAS</b>							
Inception	Close	B/S	Currency	Spot	Close	Rationale	P/L (%)*
1	23-Jan-19 21-Mar-19	B	GBP-AUD	1.8159	1.8440	Contrasting risk profiles in the near term	+1.35
2	14-Feb-19 25-Mar-19	B	USD-JPY	111.00	109.98	Dollar resilience, revival in risk appetite levels	-0.61
3	01-Apr-19 02-Apr-19	S	GBP-AUD	1.8336	1.8600	Bounce in China PMI vs. Brexit uncertainty	-1.42
4	02-Apr-19 05-Apr-19	S	EUR-CAD	1.4923	1.5045	Dovish ECB vs. relatively more sanguine BOC	-0.79
5	05-Mar-19 11-Apr-19	S	AUD-USD	0.7074	0.7159	Potentially dovish RBA, macro conditions soggy	-1.13

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