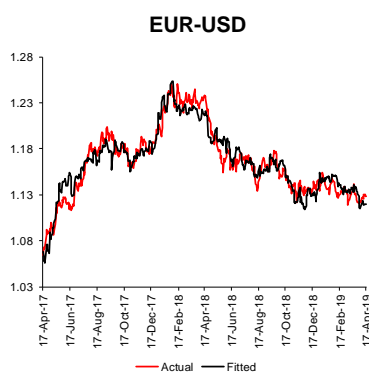


Wednesday, April 17, 2019

### Market Themes/Strategy/Trading Ideas

- The majors traded mixed against the USD on Tuesday with the EUR and GBP were undermined by data releases with the EUR additionally weighed by a report indicating that a “significant minority” of ECB council members were skeptical of a 2H 19 economic recovery. Meanwhile, the cyclicals managed to end flat to a touch higher after recouping intra-day lows. Note however that early Wednesday in Asia, the NZD-USD fell briefly below 0.6700 following a weaker than expected 1Q CPI. Mildly positive EZ/US equities saw UST yields firming slightly and the **FXSI (FX Sentiment Index)** inched lower within Risk-On territory.
- **Rate differential support for the USD in the background.** The broad USD may be supported by intrinsic rate differential arguments but short term headline risks (which have been negative for the majors of late) may dictate instead. In addition to central bank appearances, data risk picks up today with the China data dump (0200 GMT), March EZ CPI (0900 GMT), and the Fed’s Beige Book (1800 GMT).



**Top heavy.** A mixed Apr German ZEW and ECB headlines left the EUR-USD slightly softer on the day. Short term implied valuations for the pair meanwhile are holding steady and a top heavy range bordered by 1.1250 on the downside and the 55-day MA (1.1308) may persist pending headline/data risks.

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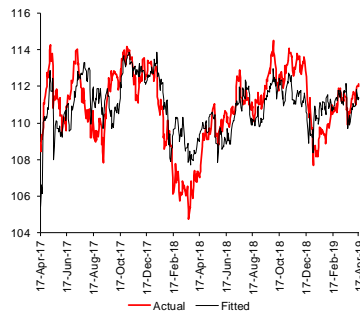
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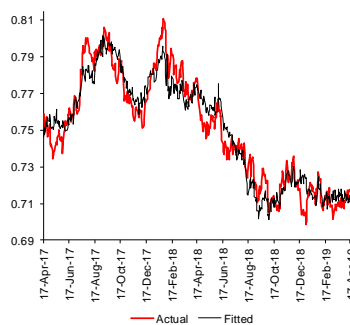
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**USD-JPY**



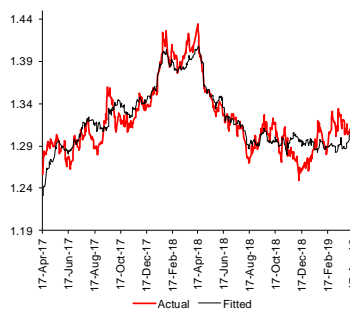
**Stay bid.** A tailwind provided by rate differential movements and still buffered global risk appetite levels may continue to keep the USD-JPY looking for upside potential. First resistance is expected into 112.50 while 111.80 should cushion.

**AUD-USD**



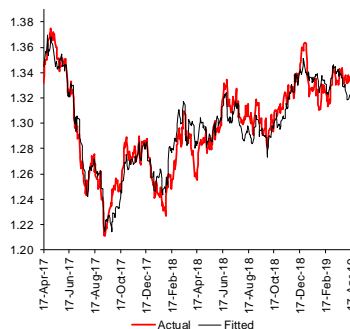
**Conflicted but looking to head higher?** The AUD-USD managed to recover from intra-day lows wrought by the RBA minutes. Pending the China data feed and PBOC liquidity operations today, expect the AUD-USD to remain trapped within a range. Watch for any resultant break beyond the 200-day MA (0.7191) and the 55-day MA (0.7119).

**GBP-USD**



**Unambiguously heavy.** The GBP underperformed across G10 on Tuesday on a newspaper report indicating that Brexit talks between the government and the opposition were stalling. Investor skepticism is expected to override supportive short term valuations in the near term and expect risk to decay towards the 200-day MA (1.2968).

**USD-CAD**



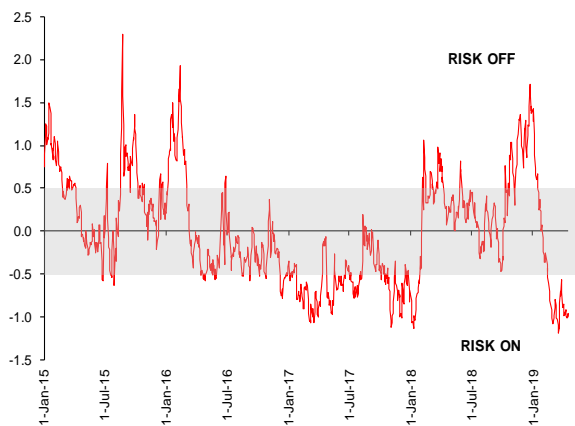
**Still rangy.** Canadian March CPI numbers are due at 1230 GMT and in the interim, short term implied valuations for the pair remain supported. Expect range trading behavior to prevail with the 100-day MA (1.3335) likely to support while 1.3400 should limit.

Source: OCBC Bank

## Asian Markets

- USD-Asia – Eyes on China data.** Tuesday saw firmer EM equities but with USD-CNH floating marginally higher in line with the DXY, perhaps underlying some caution over upcoming Chinese data-prints. We expect USD-Asia to track the USD-CNH intraday, first to a firmer plane early Wednesday, before new directional cues post the data release. Elsewhere, the Indonesia Presidential and legislative elections get underway today, but we note the overall expectation for political continuity going forward. We remain positive on the IDR in the interim.
- Asia flow environment – Inflow momentum into Taiwan and Indonesia picking up.** As inflow momentum continues to moderate in India and South Korea, we look to Taiwan and Indonesia as potentially new leaders in this front. Inflow momentum in Taiwan, supported by equities, and in Indonesia, supported by bonds, continues to edge higher in the latest reading. Outflows continue to plague Malaysia and Thailand.
- USD-SGD – May drift higher on global and domestic cues.** The SGD NEER lifted higher to +1.82% above its perceived parity (1.3796) this morning. NEER-implied USD-SGD thresholds were also firmer on the day. With the RMB complex slightly soft ahead of China data, and March NODX disappointing significantly on the downside at -11.7% yoy, we expect the USD-SGD to see some uplift intra-day, perhaps prodding towards 1.3675.

### FX Sentiment Index



Source: OCBC Bank

### Technical Support and resistance levels

	S2	S1	Current	R1	R2
EUR-USD	1.1178	1.1200	1.1288	1.1297	1.1300
GBP-USD	1.2983	1.3000	1.3043	1.3098	1.3100
AUD-USD	0.7100	0.7109	0.7160	0.7187	0.7191
NZD-USD	0.6671	0.6700	0.6704	0.6733	0.6800
USD-CAD	1.3300	1.3316	1.3369	1.3400	1.3436
USD-JPY	111.52	112.00	112.01	112.17	112.49
USD-SGD	1.3500	1.3542	1.3549	1.3576	1.3600
EUR-SGD	1.5171	1.5200	1.5295	1.5299	1.5300
JPY-SGD	1.2050	1.2080	1.2100	1.2190	1.2245
GBP-SGD	1.7594	1.7600	1.7672	1.7700	1.7706
AUD-SGD	0.9627	0.9700	0.9701	0.9727	0.9728
Gold	1249.82	1272.20	1272.60	1273.46	1300.00
Silver	14.80	14.90	14.95	15.00	15.01
Crude	61.35	64.30	64.37	64.40	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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