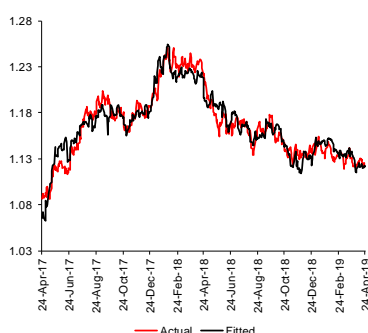


Wednesday, April 24, 2019

Market Themes/Strategy/Trading Ideas

- Except against the JPY, the USD climbed against the majors on Tuesday as US equities climbed and US March new home sales outperformed prior expectations. The JPY however strengthened across the board and the **FXSI (FX Sentiment Index)** ticked higher slightly within Risk-On territory amid a whiff of investor uncertainty.
- **Dollar preference.** The menu today includes the **Bank of Canada** rate decision (1400 GMT) with a tail risk of a dovish surprise in the forward guidance. The **April German Ifo** readings at 0800 GMT may hold inherent risks for the EUR given the fragile sentiment towards the common currency. Elsewhere, South Korea's 1Q GDP numbers are due early Thursday in Asia. **With TYs top heavy and the S&P 500 searching higher, expect the greenback to maintain its resilience especially against the likes of the EUR and GBP. Cyclical**s like the AUD and CAD meanwhile may run into a spot of consolidation.

EUR-USD



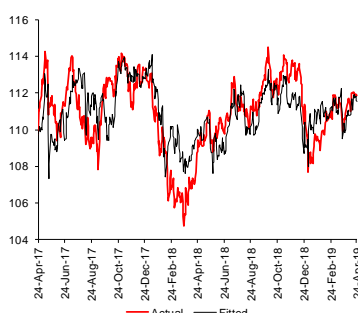
Likely heavy. Continue to expect the EUR-USD to fade upticks ahead of the German Ifo today despite stable but slightly heavy short term implied valuations. Expect risk towards 1.1185 with upside expected to be capped at 1.1280 and the 55-day MA (1.1292).

Treasury Research &
Strategy

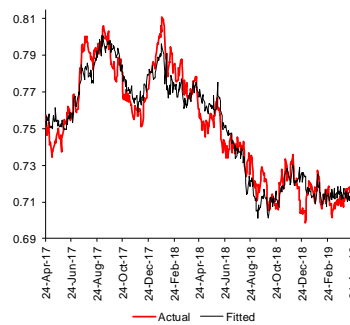
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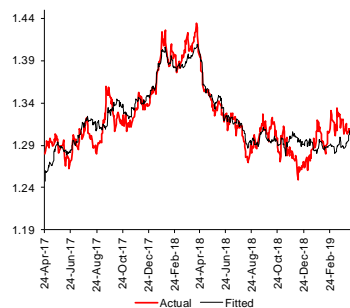
USD-JPY



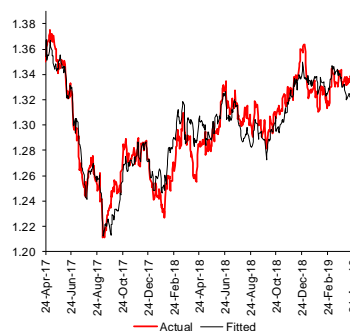
Pause. USD-JPY may continue to level off ahead of the extended Golden Week with short term implied valuations for the pair also hesitating at this juncture. Expect the pair to potentially trawl the lower reaches of a 111.50-112.15 range in the interim.

AUD-USD

Downside risks. 1Q CPI numbers this morning to dictate intra-day moves but note that short term implied valuations for the pair continue to tilt lower. With the 55-day MA (0.7111) now serving as a near term resistance, potential for a descent towards 0.7050/70 is not immaterial.

GBP-USD

Head south. With talks between the government and the opposition still at a stalemate (another potential vote next week), technicals and short term implied valuations are also easing for the GBP-USD. Expect the 200-day MA (1.2963) to cap while 1.2900 may continue to attract.

USD-CAD

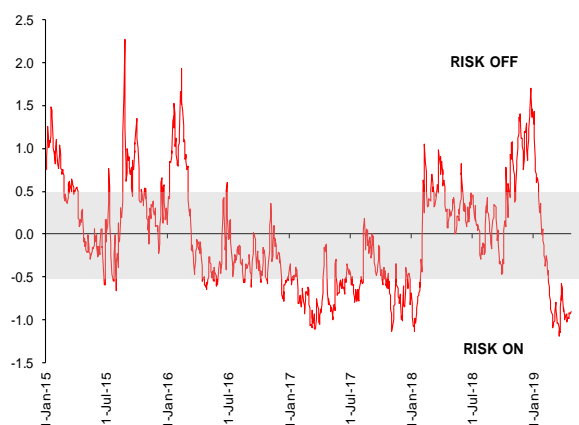
Capitulation. In spite of a supported crude complex, caution ahead of the **BOC** meeting today may persist and USD-CAD may sit supported in the interim. Short term implied valuations for the pair are attempting to stabilize after the recent softening. Expect a 1.3400-1.3470 range ahead of the BOC.

Source: OCBC Bank

Asian Markets

- USD-Asia – Double blow from stronger USD and higher oil.** EM FX bowed out against the USD on Tuesday, with the USD-CNH floating higher and closing above its 55-day MA (6.7244). Elsewhere, firmer crude price may continue weigh against the likes of the INR, KRW, and THB. Overall, there may still be precious little to support the Asian currencies intra-day. Thus, expect the USD to continue flexing against the Asian complex as a whole despite positive vibes from US equities.
- Asia flow environment – On a lower plane overall.** The flow environment in Asia continues to deteriorate, with South Korea and India facing ongoing compression in inflow momentum, with no end in sight. Meanwhile, equity inflow momentum in Taiwan and Philippines is still sustained, but insufficient to offset the declines in other countries. Meanwhile, outflow momentum in Malaysia continues to accelerate.
- USD-SGD – Remain buoyant.** The SGD NEER firmed to around +1.84% above its perceived parity (1.3818) this morning, as NEER-implied USD-SGD thresholds firmed up alongside the broad USD. March CPI numbers came in on the softer side of market expectations on Tuesday, providing not much in the way of support for the SGD. The 100-day MA (1.3578) for the USD-SGD may cap in the interim, but a break beyond may clear the path to 1.3580/00 and recent range highs at 1.3610/20. Expect downside support at the 55-day MA (1.3544).

FX Sentiment Index



Source: OCBC Bank

Technical Support and resistance levels

	S2	S1	Current	R1	R2
EUR-USD	1.1186	1.1200	1.1219	1.1290	1.1300
GBP-USD	1.2929	1.2935	1.2936	1.2963	1.3000
AUD-USD	0.7000	0.7037	0.7042	0.7050	0.7100
NZD-USD	0.6600	0.6621	0.6631	0.6644	0.6700
USD-CAD	1.3400	1.3440	1.3450	1.3457	1.3500
USD-JPY	111.26	111.51	111.93	112.00	112.17
USD-SGD	1.3540	1.3579	1.3581	1.3585	1.3600
EUR-SGD	1.5172	1.5200	1.5236	1.5287	1.5300
JPY-SGD	1.2067	1.2100	1.2133	1.2170	1.2200
GBP-SGD	1.7500	1.7547	1.7568	1.7600	1.7697
AUD-SGD	0.9500	0.9546	0.9563	0.9566	0.9600
Gold	1262.71	1266.00	1268.30	1300.00	1300.49
Silver	14.70	14.75	14.76	14.80	14.98
Crude	61.19	65.90	65.94	66.00	66.60

Source: OCBC Bank

Trade Ideas

Inception		B/S	Currency	Spot/Outright	Target Stop/Trailing Stop	Rationale		
	TACTICAL							
1	15-Apr-19	B	AUD-USD	0.7167	0.7380 0.7055	Near term recovery in global macro sentiment		
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	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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