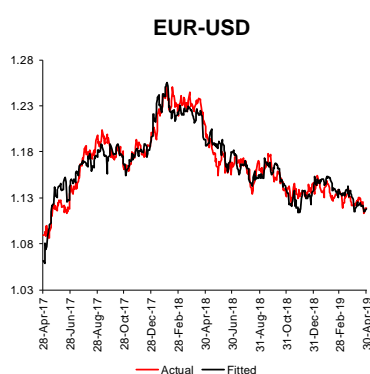


Tuesday, April 30, 2019

Market Themes/Strategy/Trading Ideas

- As investors prepped for the heavy headline/data heavy calendar in the coming days, the dollar ended mixed to mildly weaker on Monday with the DXY dipping below 98.00 towards the 97.80 handle. Better than expected US March personal spending numbers were however counteracted by the softer than expected core PCE deflators readings. EZ/US/EM equities turned in a positive performance on Monday with core global govie curves also firming. As a consequence, the **FXSI (FX Sentiment Index)** slipped for the first time in 5 sessions, remaining in Risk-On territory.
- USD vs. risk appetite.** Given that mildly supportive US data feed and Fed's relative standing versus its slightly more cautious peers, background USD resilience against the likes of the EUR and GBP may persist but its performance against the cyclicals/Asia may have to be predicated on the heavy data stream this week.
- Official China April PMIs this morning disappointed slightly relative to prior expectations (manufacturing PMI at 50.1 from 50.5) and may put a slight dent in risk appetite levels. The Caixin China manufacturing PMI is also due at 0145 GMT and may present more headline risks. Sino-US trade talks get underway today and ensuing headlines will be closely scrutinized.



Heavy. Potential data risks from EZ 1Q GDP and German April CPI numbers today while short term implied valuations for the EUR-USD remain relatively suppressed (and slippery). Expect 1.1200 to limit with risks potentially skewed towards 1.1135.

Treasury Research &
Strategy

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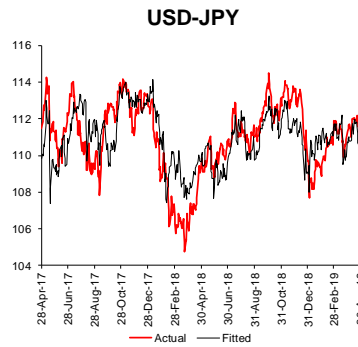
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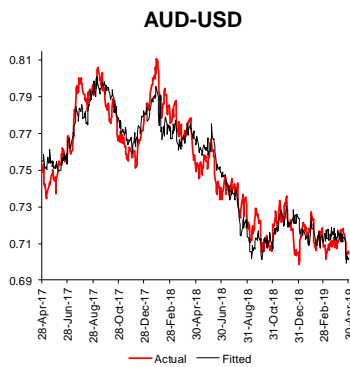
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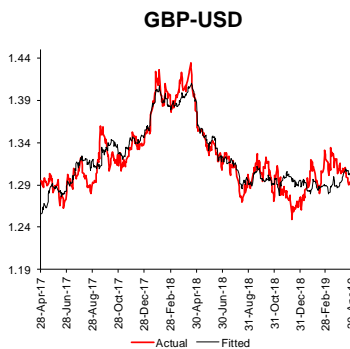
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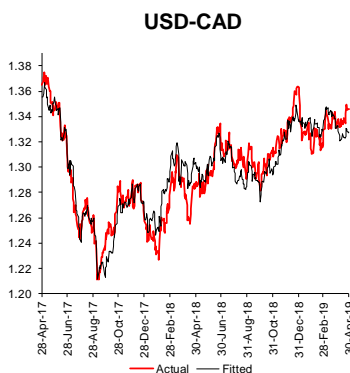
Heavy range. Short term implied valuations fro USD-JPY are consolidating after the recent dip. In the interim, the pair may hold slightly top heavy in the vicinity of its 200-day MA (111.51) within a 111.40-112.20 range at this juncture.



Heavy near term. Australian March pte sector credit numbers this morning were flat to a touch softer than expected but the slight drag from the disapointing China PMIs may also weigh on the AUD. Short term implied valuations remain top heavy and 0.7080 may cap in the near term with risk instead tilted towards 0.7010 pending more headlines from the Sino-US trade talks.



Fade upticks. The BOE's Carney (0810 GMT) and Ramsden (0740 GMT) are due to speak today while short term implied valuations are also attempting to stabilize. Pending further domestic Brexit news flow, look to fade any upticks towards the 200-day MA (1.2959) for 1.2870 instead.



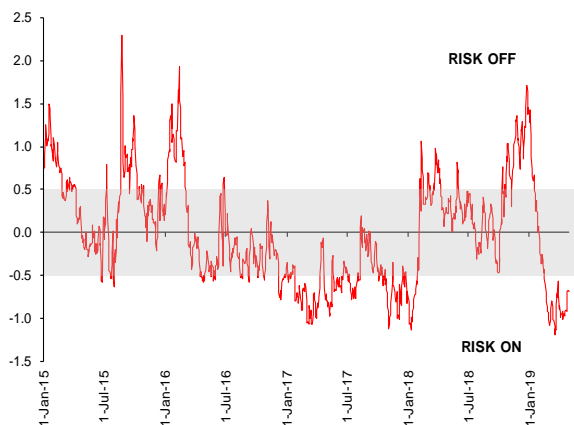
Range. Appearances by the BOC's Poloz and Wilkins (1500 GMT) coupled with Canadian Feb GDP readings may present domesitic risks to the pair today. Short term implied valuations for USD-CAD are however attempting to consolidate lower, potentially trapping the pair within 1.3422-1.3500 for now.

Source: OCBC Bank

Asian Markets

- USD-Asia** Slightly positive global equity sentiment from overnight may bleed into early Asia today but the disappointing China PMIs may temper excessive optimism. South Korea’s March industrial production numbers underperformed expectations significantly at -2.8% yoy. In the interim, markets are increasingly looking for near term stability in the renminbi complex in the short term with China markets also away for the Labor Day holidays from Wednesday onwards. However, global headline risk may continue to abound in the coming sessions.
- North vs. South.** With regards to actual net portfolio flows, net inflows for South Korea are attempting to stabilize while net inflows for Taiwan are still holding up. In the south, net inflows into Indonesia have deteriorated to a near neutral balance as net bond inflows evaporated. Elsewhere, Thailand continues to sit with a minor but persistent small deficit in net portfolio flows amidst deepening net bond outflows.
- USD-SGD – Firming mode.** USD-SGD may continue to look potentially higher with 1.3600 a near term floor and with the 200-day MA (1.3652) still within reach. The SGD NEER this morning is softer at +1.60% above its perceived parity (1.3840). NEER-implied USD-SGD thresholds are relatively unchanged.

FX Sentiment Index



Source: OCBC Bank

Technical Support and resistance levels

	S2	S1	Current	R1	R2
EUR-USD	1.1100	1.1118	1.1130	1.1136	1.1200
GBP-USD	1.2866	1.2881	1.2890	1.2900	1.2961
AUD-USD	0.7000	0.7015	0.7019	0.7100	0.7107
NZD-USD	0.6600	0.6607	0.6636	0.6700	0.6728
USD-CAD	1.3337	1.3400	1.3477	1.3483	1.3500
USD-JPY	111.31	111.51	111.68	112.00	112.35
USD-SGD	1.3543	1.3600	1.3616	1.3617	1.3652
EUR-SGD	1.5150	1.5153	1.5154	1.5200	1.5280
JPY-SGD	1.2100	1.2167	1.2191	1.2200	1.2212
GBP-SGD	1.7521	1.7547	1.7551	1.7600	1.7694
AUD-SGD	0.9542	0.9546	0.9557	0.9600	0.9625
Gold	1264.23	1266.00	1275.80	1299.97	1300.00
Silver	14.77	14.90	14.94	14.98	15.00
Crude	61.11	64.70	64.79	64.80	66.60

Source: OCBC Bank

Trade Ideas

Inception	B/S	Currency	Spot/Outright	Target Stop/Trailing Stop	Rationale			
TACTICAL								
1	24-Apr-19	S	GBP-USD	1.2933 1.2495 1.3155	Sustained Brexit uncertainty and pressure to oust PM May			
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	01-Apr-19	02-Apr-19	S	GBP-AUD	1.8336	1.8600	Bounce in China PMI vs. Brexit uncertainty	-1.42
2	02-Apr-19	05-Apr-19	S	EUR-CAD	1.4923	1.5045	Dovish ECB vs. relatively more sanguine BOC	-0.79
3	05-Mar-19	11-Apr-19	S	AUD-USD	0.7074	0.7159	Potentially dovish RBA, macro conditions soggy	-1.13
4	15-Apr-19	24-Apr-19	B	AUD-USD	0.7167	0.7055	Near term recovery in global macro sentiment	-1.61

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