

FX Weekly

Still Looking to Fade USD Strength

The Week Ahead

- **Dollar Index - Fade.** Support at 95.50; Resistance at 97.70
- **USD/SGD - Fade.** Support at 1.3440; Resistance at 1.3620
- **USD/MYR - Sell Rallies.** Support at 4.0600; Resistance at 4.0970
- **AUD/SGD - Buy Dips.** Support at 0.9520; Resistance at 0.9750
- **SGD/MYR - Death Cross.** Support at 3.0040; Resistance at 3.0240

US Payrolls Tonight and Brexit Summit Next Wed in Focus

Growing optimism of US-China trade deal possibly coming sooner than later and signs of stabilisation in global activity (German IP, China, EU services PMI) have kept equities and risk-on FX proxy such as AUDJPY supported. Focus next on US payrolls this evening (830pm SG/KL time). Consensus is looking for NFP to rise to +177k in Mar from +20k in prior month, unemployment rate to remain steady at 3.8% and for average hourly earnings to slow to +0.3% m/m, down from +0.4% in prior month. Softer than expected earnings growth with unemployment rate holding steady could provide the sweet spot for sentiment to be supported and USD to ease lower. On Asian crosses, SGDMYR may trade higher towards 3.0240 but bias to lean against strength.

MAS to Pause in Policy Normalisation; USDSGD May Head Lower

MAS monetary policy statement will be released next Fri on 12th Apr at 8am, alongside Feb retail sales and advanced estimate for 1Q GDP. Our Economist expects 1Q growth to weaken to +1.2%y/y, down from +1.9% in 4Q and core inflation to average 1.4% y/y for 2019. Headline CPI could pick up to +1.2%, up from +0.4% in 2018. Our Economist is also looking for MAS to lower its core inflation forecast to 1% - 2%, from 1.5% - 2.5% range (see [here](#) for further details). Our House view expects MAS to pause in its policy normalisation process (no change to the "slight appreciation bias stance for S\$NEER) as growth slows and inflation eases. Technically USDSGD could continue to trade lower as mild bullish momentum on daily chart shows signs of waning and stochastics is also showing signs of turning lower from near-overbought conditions. We look for the pair to trade lower towards 1.3520, 1.3460 and 1.3440 levels.

FoMC Minutes, ECB Meeting and China, US, German CPI Data

Key highlights next week include US factory orders, durable goods report; Japan current account on Mon. For Wed, Australia consumer confidence; US CPI, Fed's Clarida speaks; ECB Governing Council meeting (status quo to policy stance). ECB's Draghi speaks; UK industrial production, construction output; BoJ's Kuroda speaks. For Thu, FoMC meeting minutes (to be released at 2am SG/KL time on 11th Apr), Fed's Clarida, Bullard, Quarles, Kashkari, Bowman speak; German CPI; NZ food prices; China CPI, PPI; Malaysia industrial production; Philippines trade. For Fri, China trade; EU industrial production; RBA Financial Stability Report; US import, export price index.

Analysts












Saktiandi Supaat
(65) 6320 1379
saktiandi@maybank.com.sg

Christopher Wong
(65) 6320 1347
wongkl@maybank.com.sg

Fiona Lim
(65) 6320 1374
fionalim@maybank.com.sg

Leslie Tang
(65) 6320 1378
leslietang@maybank.com.sg

Our in-house model implies that S\$NEER is trading 1.2% above the implied midpoint of 1.3708, suggesting that it is on the stronger side vs. other trading partner currencies.

Currency	Direction	Support/Resistance	Key Data and Events This Week
Dollar Index		S: 95.50; R: 97.70	<ul style="list-style-type: none"> Mon: Factory Orders (Feb); Durable goods order (Feb) ; Tue: - Nil - Wed: CPI, real average hourly earnings (Mar); Fed's Clarida speaks; Thu: FOMC meeting minutes; PPI (Mar); Fed's Clarida, Bullard, Quarles, Kashkari, Bowman speak; Fri: Export, Import Prices (Mar); Uni. of Mich Sentiment (Apr)
EURUSD		S: 1.1190; R: 1.1450	<ul style="list-style-type: none"> Mon: ECB 's Villeroy speaks; Tue: - Nil - Wed: ECB GC Meeting; ECB's Draghi speaks; Thu: German CPI (Feb); Fri: IP (Feb)
AUDUSD		S: 0.7030; R: 0.7200	<ul style="list-style-type: none"> Mon: - Nil - Tues: - Nil - Wed: Westpac Consumer Confidence (Apr); RBA's Debelle speaks; Thu: RBA's Debelle speaks; Fri: RBA Financial Stability Report
NZDUSD		S: 0.6690; R: 0.6830	<ul style="list-style-type: none"> Mon: - Nil - Tue: - Nil - Wed: - Nil - Thu: Food Prices (Mar); Fri: PMI Mfg, Card spending (Mar); Net Migration (Feb)
GBPUSD		S: 1.2975; R: 1.3280	<ul style="list-style-type: none"> Mon: - Nil - Tue: BRC Sales (Mar); Wed: IP, Construction output, MoM GDP (Feb); Brexit Summit Thu: RICS House Price Balance Fri: - Nil -
USDJPY		S: 110.75; R: 112.20	<ul style="list-style-type: none"> Mon: Current Account (Feb); BoJ's Kuroda speaks; Tue: - Nil - Wed: PPI (Mar); Core Machine Orders (Feb); BoJ's Kuroda speaks Thu: - Nil - Fri: - Nil -
USDCNH		S: 6.6300; R: 6.7300	<ul style="list-style-type: none"> Mon: - Nil - Tue: - Nil - Wed: - Nil - Thu: CPI, PPI (Mar); Fri: Trade (Mar)
USDSGD		S: 1.3440; R: 1.3620	<ul style="list-style-type: none"> Mon: FX Reserves (Mar); Tue: - Nil - Wed: - Nil - Thu: - Nil - Fri: GDP (1Q), Retail Sales (Feb); MAS Policy Decision
USDMYR		S: 4.0600; R: 4.0970	<ul style="list-style-type: none"> Mon: - Nil - Tue: - Nil - Wed: - Nil - Thu: Industrial Production (Feb); Fri: - Nil -
USDPHP		S: 51.80; R: 52.60	<ul style="list-style-type: none"> Mon: - Nil - Tue: - Nil - Wed: - Nil - Thu: Trade (Feb) Fri: - Nil -
USDIDR		S: 13,980; R: 14,300	<ul style="list-style-type: none"> Mon: FX Reserves (Mar) Tue: - Nil - Wed: - Nil - Thu: - Nil - Fri: - Nil -

Sources: Bloomberg, Maybank FX Research

Selected G7 FX View

Currency	Stories of the Week
DXY Index	<p>Still Looking to Fade USD Strength. Dollar's early week attempt to trade higher failed to gather traction as softer US data including ADP employment, ISM non-manufacturing and growing optimism of US-China agreement on trade (possibly coming sooner than later) kept sentiment supported and dragged USD lower. Looking ahead, key focus on US payrolls this evening (830pm SG/KL time). Consensus is looking for NFP to rise to +177k in Mar from +20k in prior month, unemployment rate to remain steady at 3.8% and for average hourly earnings to slow to +0.3% m/m, down from +0.4% in prior month. Softer than expected earnings growth with unemployment rate holding steady could provide the sweet spot for sentiment to be supported and USD to ease lower.</p> <p>DXY was last seen at 97.25 levels. Bullish momentum on daily chart remains intact though stochastics is rising into overbought conditions. Resistance at 97.70 (triple top). Another failed attempt to break above triple-top should see USD strength fade and trade lower. Immediate support at 96.85 (21 DMA) before area of support at 96.4 - 96.5 (50, 100 DMAs). Break below these support levels could usher in more downside towards 95.9 (200 DMA) before 95.50 levels (23.6% fibo retracement of 2018 low to high). On chart pattern, a large rising wedge is in the making from Mar 2018. This is typically associated with a bearish reversal. We continue to look for opportunities to fade into.</p> <p>We continue to argue that USD strength could ease as activity in US peaks and turn lower while signs of stabilisation are starting to show up in other parts of the world. Swift responses from policymakers including central banks around the world with stimulus measures and easy policies may well prove to be timely to cushion against global growth slowdown.</p> <p><i>Focus next week on Factory Orders (Feb); Durable goods order (Feb) on Mon; CPI, real average hourly earnings (Mar); Fed's Clarida speaks on Wed; FoMC meeting minutes (2am SG/KL time 11 Apr); PPI (Mar); Fed's Clarida, Bullard, Quarles, Kashkari, Bowman speak on Thu; Export, Import Prices (Mar); Uni of Mich Sentiment (Apr) on Fri.</i></p>
EUR/USD	<p>Buy Dips. EUR traded modestly higher this week as services PMI, retail sales and German industrial production surprised to the upside. But EUR gains failed to push decisively higher after Italy's Treasury reportedly cut 2019 growth forecast to 0.1% (from 1%), raised budget deficit projection to 2.3 - 2.4% of GDP while German factory orders fell by the most in a decade. Sharp drop in new orders (foreign and domestic) dampened the enthusiasm that has been building around the recent rebound in Europe activity while Italy's recent move to downgrade growth forecast and raise budget deficit projection could risk antagonising Europe over fiscal discipline issues. Recall last year Italy-EU's stalemate over Italy budget and the uncertainty strained the banking sector, dampened sentiment and weighed on EUR.</p> <p>Pair was last seen at 1.1225 levels. Bearish momentum on daily chart remains intact but shows signs of waning while stochastics is showing signs of turn-around from oversold conditions. We do not rule out a move higher towards 1.1280 (21 DMA), 1.1330 (50 DMA). Beyond short term perspective, we remain convicted to our call to buy EUR on dip. Monthly chart shows tentative signs of turn-around in stochastics from oversold conditions - hint that room for further downside could be limited. A potential falling wedge pattern (began wide at the top in early 2018 and contracts as prices move lower towards the end-2018/early 2019) also appears to be in the making. This is typically associated with a bullish reversal. We continue to look for moves towards 1.15, 1.17 beyond short term. Bigger support at 1.1050 - 1.11 levels. We had shared that too much negatives have been priced into EUR owing to softer data (fears of Germany recession), speculation that ECB will be on hold for longer and the rise in political risk premium (election uncertainties in Europe, Brexit uncertainty, etc.). Signs of stabilisation are emerging: rebound in European industrial production, PMI manufacturing and services. We believe further stabilisation in EU data, in particular coming from Germany (soft patch likely due to one-off events) would provide the confidence for potential portfolio re-allocation to underweight European equities (flow story is supportive of EUR). Unwinding of stale EUR shorts (CFTC positioning showed 2year record short levels) could catalyse the move higher for EUR. In addition, Fed's signal for a longer pause should continue to see negative EU-UST spread narrow further and provide the support for EUR recovery.</p> <p><i>Focus next week ECB's Villeroy speaks on Mon; ECB GC Meeting; ECB's Draghi speaks on Wed; German CPI (Feb) on Thu; IP (Feb) on Fri.</i></p>

GBP/USD Fluid Brexit; Choppy GBP. It looks like brexit will takes forever to happen as PM May has formally written to EU Council to request a delay to UK's departure until 30th Jun while European Council President Tusk had earlier proposed offering UK a 12-month delay till Apr-2020. UK will have to participate in the EU parliament elections if the extension is longer than a short technical one. Meanwhile talks between Labour's Corbyn and PM May are still ongoing and there are now talks of a confirmatory referendum in which the public could vote to endorse or reject the exit agreement with the EU, amongst other proposals. None of which is affirmative at this stage. In addition an Emergency EU summit on Brexit could take place on 10th Apr ahead of Brexit day on 12th Apr.

GBP was last seen at 1.3090 levels. Bearish momentum on daily chart remains intact. Recovery looks weak. Immediate support at 1.3060 (lower bound of the bullish trend channel), 1.2975 (200 DMA). Resistance at 1.31 (50 DMA), 1.3160 (21 DMA), and 1.3280 levels. Bias remains to buy dips as the distribution of risks and preferences of UK lawmakers have shifted from no deal, hard brexit to delayed and softer brexit.

Focus next week on BRC Sales (Mar) on Tue; IP, Construction output, MoM GDP (Feb); potential Brexit Summit on Wed; RICS House Price Balance on Thu.

USD/JPY Watch Price Action. USDJPY traded higher this week as long UST positions rotated out to equities on the back of hopes of green shoots. Pair was last seen at 111.70 levels. Mild bullish momentum on daily chart remains intact but stochastics is rising into overbought conditions. Failure to close above today's high of 111.80 could see downside play take over next week. Resistance at 112.20. Support at 111.10 (21 DMA), 110.75 (50 DMA).

Focus next week on Current Account (Feb); BoJ's Kuroda speaks on Mon; PPI (Mar); Core Machine Orders (Feb); BoJ's Kuroda speaks on Wed.






AUD/USD Need a Break Above 0.7150/60. AUD firmed modestly this week. Sentiment is positive on the back of "progress on trade talks" but markets seem to prefer to err on the cautious side as AUD gains remain rather modest. On trade talk development, both US and China claimed progress, with China saying a "new consensus" had emerged and Trump shared that it may take up to 4 weeks to put together a framework for the deal and another 2 weeks to put the details on paper. Optimism of a trade deal supported sentiment: equities were modestly firmer overnight while AUDJPY firmed. That said some degree of caution is still warranted. USTR Lighthizer said there were still major issues to resolve in the agreement while White House Trade Advisor said that the "last mile of marathon is actually the longest and hardest". AUD was last seen at 0.7120 levels. Bullish momentum on daily chart remains intact. Decisive break above 0.7150/60 resistance could see AUD trade higher towards 0.72 (200 DMA), 0.7240 levels. Support at 0.7080 (21 DMA), 0.7050 levels.

Focus next week on Westpac Consumer Confidence (Apr); RBA's Debelle speaks on Wed; RBA's Debelle speaks on Thu; RBA's Financial Stability Report on Fri.

NZD/USD Bearish but Entering Oversold Conditions. NZD continued to trade with a heavy bias as market speculation for RBNZ rate cut in May continued to rise. OIS-implied shows 42% chance of cut, up from 37% on Mon. This comes on the back of recent dovish shift in RBNZ stance. Pair was last seen at 0.6740 levels. Mild bearish momentum on daily chart remains while stochastics is in oversold territories. Support at 0.6735 (200 DMA) before 0.6690 levels (50% fibo retracement of Oct low to Dec high). Immediate resistance at 0.68, 0.6830 levels (21, 50 DMAs).

Focus next week on Food Prices (Mar) on Thu; PMI Mfg, Card spending (Mar); Net Migration (Feb) on Fri.

Technical View: MYR Crosses

MYR Crosses	Direction	Support/Resistance	Stories of the Week
SGD/MYR		S:3.0040; R:3.0240	Conflicting Signals but Bias to Fade. SGDMYR drifted marginally higher this week; last seen at 3.0140 levels. Technical signals are in conflict with momentum bullish on daily chart but death cross (50 DMA cuts 200 DMA), on the other, looks on track to be formed. This is typically associated with a bearish signal. Bias to lean against strength. Resistance at 3.0180, 3.0240 levels. Support at 3.01, 3.0040 levels.
AUD/MYR		S: 2.8900 R:2.9500	Still Looking for a Move Higher. AUDMYR traded modestly firmer, in line with our view in the last FX Weekly. Cross was last seen at 2.9090 levels. We continue to look for a move to the upside but reckon pace of appreciation will only gather momentum on break above 2.9170 (23.6% fibo retracement of Dec high to 2019 low). Next resistance at 2.9435 levels. Support at 2.89 (21 DMA), 2.8650 levels.
EUR/MYR		S: 4.5700; R:4.6500	Still Looking for Rebound Play. EURMYR was last seen at 4.5830 levels. Mild bearish momentum is fading while stochastics is showing signs of turning from oversold conditions. We are still looking for rebound play. Resistance at 4.6020 (21 DMA), 4.6230 (50 DMA) and 4.6460 levels. Support at 4.57 - 4.58 levels.
GBP/MYR		S: 5.3000; R: 5.3900	Choppy Range. GBPMYR drifted higher in choppy trade this week. Cross was last seen at 5.3520 levels. Bearish momentum on daily chart remains intact but shows tentative signs of waning. Support at 5.32, 5.30 levels. Resistance at 5.38, 5.39 levels. Look for better levels to buy into.
JPY/MYR		S: 3.6300 R: 3.6700	Sell Rallies. JPYMYR traded lower, in line with death cross signal as highlighted in our last FX Weekly. Cross was last seen at 3.6550 levels. Daily momentum turned mild bearish while stochastics is falling. Bias to sell rallies remains intact. Support at 3.6530 if broken could see further downside play towards 3.6470, 3.6350 levels. Resistance at 3.6650, 3.67 levels.

Technical Chart Picks:

USDSGD Daily Chart - Looking for Downward Move

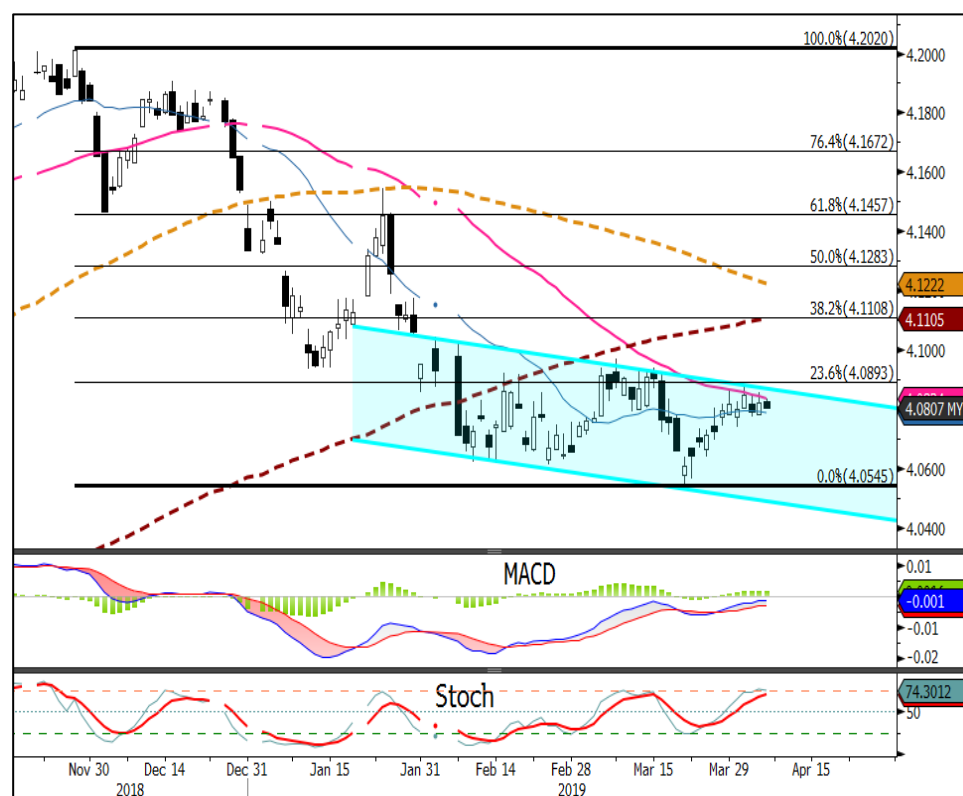


USDSGD traded in a subdued range this week; last seen at 1.3540 levels.

Mild bullish momentum on daily chart shows tentative signs of waning while stochastics is showing signs of turning from near overbought conditions. We look for the pair to trade lower. Immediate support at 1.3520, 1.3460 and 1.3440 levels. Resistance at 1.3550 (upper bound of the bearish trend channel) before 1.36 (100 DMA).

Key focus next week on MAS policy decision (12th Apr).

USDMYR Daily Chart - Upside Risks but Room Maybe Limited



USDMYR drifted modestly higher this week. Pair was last seen at 4.0815 levels.

Mild bullish bias on daily chart remains intact while stochastics is showing early signs of turning from overbought conditions. This suggests that room for further upside may be limited.

Resistance at 4.0840 (50 DMA), 4.0880 (upper bound of bearish trend channel), 4.0970 levels. Bias to sell rallies. Support at 4.06, 4.0545 levels.

AUDSGD Daily Chart: Still Looking for Upward Moves



AUDSGD was last seen at 0.9650 levels. Bullish momentum on daily chart remains intact. Resistance at 0.9664 (23.6% fibo retracement of Dec high to 2019 double-bottom), 0.9720 (100 DMA) before 0.9750 (38.2% fibo). We continue to look for upward moves.

Support at 0.9605 (21 DMA), 0.9520 levels. We would review our bullish bias on any break below 0.9520 support.

SGDMYR Daily Chart: Conflicting Signals but Bias to Sell Rallies



SGDMYR drifted marginally higher this week; last seen at 3.0140 levels. Technical signals are in conflict with momentum bullish on daily chart but death cross (50 DMA cuts 200 DMA), on the other, looks on track to be formed. This is typically associated with a bearish signal.

Bias to lean against strength. Resistance at 3.0180, 3.0240 levels. Support at 3.01, 3.0040 levels.

DISCLAIMER

This report is for information purposes only and under no circumstances is it to be considered or intended as an offer to sell or a solicitation of an offer to buy the securities or financial instruments referred to herein, or an offer or solicitation to any person to enter into any transaction or adopt any investment strategy. Investors should note that income from such securities or financial instruments, if any, may fluctuate and that each security's or financial instrument's price or value may rise or fall. Accordingly, investors may receive back less than originally invested. Past performance is not necessarily a guide to future performance. This report is not intended to provide personal investment advice and does not take into account the specific investment objectives, the financial situation or the particular needs of persons who may receive or read this report. Investors should therefore seek financial, legal and other advice regarding the appropriateness of investing in any securities and/or financial instruments or the investment strategies discussed or recommended in this report.

The information contained herein has been obtained from sources believed to be reliable but such sources have not been independently verified by Malayan Banking Berhad and/or its affiliates and related corporations (collectively, "Maybank Group") and consequently no representation is made as to the accuracy or completeness of this report by Maybank Group and it should not be relied upon as such. Maybank Group and any individual connected to the Maybank Group accept no liability for any direct, indirect or consequential losses or damages that may arise from the use or reliance of this report. Maybank Group and its officers, directors, associates, connected parties and/or employees may from time to time have positions or be materially interested in the securities and/or financial instruments referred to herein and may further act as market maker or have assumed an underwriting commitment or deal with such securities and/or financial instruments and may also perform or seek to perform investment banking, advisory and other services for or relating to those entities whose securities are mentioned in this report. Any information, estimate, opinions or recommendations contained herein are subject to change at any time, without prior notice.

This report may contain forward looking statements which are often but not always identified by the use of words such as "anticipate", "believe", "estimate", "intend", "plan", "expect", "forecast", "predict" and "project" and statements that an event or result "may", "will", "can", "should", "could" or "might" occur or be achieved and other similar expressions. Such forward looking statements are based on assumptions and analysis made and information currently available to us as of the date of the publication and are subject to certain risks and uncertainties that could cause the actual results to differ materially from those expressed in any forward looking statements. Readers are cautioned not to place undue relevance on these forward looking statements. Maybank Group expressly disclaims any obligation to update or revise any such forward looking statements to reflect new information, events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

This report is prepared for the sole use of Maybank Group's clients and may not be altered in any way, published, circulated, reproduced, transmitted to, copied or distributed to any other party in whole or in part in any form or manner without the prior express written consent of the Maybank Group. Maybank Group accepts no liability whatsoever for the actions of third parties in this respect.

This report is not directed to or intended for distribution to or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.

Published by:



Malayan Banking Berhad
(Incorporated in Malaysia)

Saktiandi Supaat
Head, FX Research
saktiandi@maybank.com.sg
(+65) 63201379

Christopher Wong
Senior FX Strategist
wongkl@maybank.com.sg
(+65) 63201347

Fiona Lim
Senior FX Strategist
Fionalim@maybank.com.sg
(+65) 63201374

Leslie Tang
Senior FX Strategist
leslietang@maybank.com.sg
(+65) 63201378