

FX Weekly

USD Gains Could Moderate

The Week Ahead

- **Dollar Index - Moderation.** Support at 95.50; Resistance at 97.70
- **USD/SGD - Consolidate.** Support at 1.3500; Resistance at 1.3650
- **USD/MYR - Sell Rallies.** Support at 4.0600; Resistance at 4.1000
- **AUD/SGD - Rebound.** Support at 0.9500; Resistance at 0.9770
- **SGD/MYR - Fade.** Support at 2.9950; Resistance at 3.0220

A Calmer Start to the Week...

USD strength in the past week eased after US NFP disappointed to the downside. Our near term calls for USD to rebound, USDIDR and USDSGD to trade higher towards 14280 and 1.3580 also materialized. Focus this week on US retail sales (tonight), CPI (Tue) and PPI (Wed) and IP data (Fri) ahead of FoMC next week as well as a series of votes likely to take place in UK, starting tomorrow. On FX, we expect USDSGD to trade in the range of 1.35 - 1.3650 and USDMYR topside at 4.10 to cap up-moves. We do not rule out a EUR bounce towards 1.1315 levels in the near term.

2-Way Trade in GBP; Bias to Buy Dips

This week is crunch time for UK and GBP. A **second meaningful vote on the re-negotiated withdrawal deal takes place on 12th Mar.** If PM May is successful in securing a majority, the UK will leave the EU on 29th Mar as planned and the transitional phase with EU will kick in until Dec-2020. [Orderly Brexit; GBP-positive]; (2) **if the deal fails to win an approval, a motion will be tabled for a vote by 13th Mar, asking if the House supports leaving the EU without a withdrawal agreement** (i.e. no-deal Brexit). If there is an explicit consent from the House in favor of exit without a deal, then UK will leave on 29th Mar [Disorderly Brexit; Negative surprise outcome; GBP-negative]; (3) However if it fails to get the House consent, then the **Government will bring forward a motion on 14th Mar, on whether the House want to seek an extension to Article 50** (i.e. Brexit delay beyond 29th Mar). An approval from the House to extend brexit date [GBP-positive] would see **PM May making formal request to EU** with a decision from the EU expected at 20-21 Mar EU Summit. (4) **But in the event there is no majority from the House consenting an extension, the UK will proceed to leave on 29th Mar as scheduled** [Disorderly Brexit; GBP-negative]. A disorderly hard brexit (exit without a deal) or surprise PM May resignation could un-nerve sentiment and could negatively impact AXJs marginally.

US, China, SG Retail Sales Data; EU, US CPI; BoJ Meeting

Other data of interest this: SG retail sales; AU business confidence; UK IP on Tue. For Wed, EU IP; JP PPI; AU consumer confidence. For Thu, German CPI; China retail sales, IP, FAI; Malaysia IP. For Fri, US empire mfg; EU CPI; NZ Nfg PMI; BoJ policy meeting (expect policy status quo); PH overseas remittances; Indonesia trade.

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Our in-house model implies that S\$NEER is trading 1.04% above the implied midpoint of 1.3734, 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: Retail Sales (Jan); Tue: Fed Chair Powell, Brainard speak; CPI, weekly earnings (Feb); Wed: PPI (Feb); Durable Goods, Construction spending (Jan); Thu: New Home Sales (Jan); Import, Export prices (Feb); Fri: Empire Mfg (Mar); IP (Feb); JOLTS job openings (Jan); Uni. Of Michigan Sentiment (Mar P)
EURUSD		S: 1.1110; R: 1.1380	<ul style="list-style-type: none"> Mon: German IP, Trade, current account (Jan) Tue: ECB's Lautenschlaeger speaks; Wed: Industrial Production (Jan); Thu: ECB's Coeure speaks; German CPI (Feb); Fri: CPI (Feb)
AUDUSD		S: 0.6980; R: 0.7160	<ul style="list-style-type: none"> Mon: - Nil - Tues: NAB Business Confidence (Feb); RBA's Debelle speaks; Wed: Consumer Confidence (Mar); Thu: Inflation Expectation Fri: - Nil -
NZDUSD		S: 0.6750; R: 0.6890	<ul style="list-style-type: none"> Mon: Card spending (Feb); Tue: - Nil - Wed: Food Prices (Feb); Thu: - Nil - Fri: Mfg PMI (Feb); Net Migration (Jan)
GBPUSD		S: 1.2900; R: 1.3400	<ul style="list-style-type: none"> Mon: BoE's Haskel speaks; Tue: Trade, IP, Construction output (Jan); Second Meaningful Vote; Wed: Potential House of Commons' vote on no-deal brexit; Thu: RICS House Price Balance Feb); Potential vote on Brexit delay Fri: - Nil -
USDJPY		S: 110.00; R: 112.20	<ul style="list-style-type: none"> Mon: - Nil - Tue: BSI Large All Industry (1Q); Wed: PPI (Feb); Core Machine Orders (Jan); Thu: - Nil - Fri: BoJ Policy Meeting
USDCNH		S: 6.7000; R: 6.8000	<ul style="list-style-type: none"> Mon: - Nil - Tue: - Nil - Wed: - Nil - Thu: FAI, IP, Retail Sales (Feb) Fri: New Home Prices (Feb)
USDSGD		S: 1.3500; R: 1.3650	<ul style="list-style-type: none"> Mon: - Nil - Tue: Retail Sales (Jan); Wed: - Nil - Thu: - Nil - Fri: - Nil -
USDMYR		S: 4.0600; R: 4.1000	<ul style="list-style-type: none"> Mon: - Nil - Tue: - Nil - Wed: - Nil - Thu: Industrial Production (Jan) Fri: - Nil -
USDPHP		S: 51.80; R: 52.40	<ul style="list-style-type: none"> Mon: - Nil - Tue: Trade (Jan); Wed: - Nil - Thu: - Nil - Fri: Overseas Remittances (Mar)
USDIDR		S: 14,140; R: 14,450	<ul style="list-style-type: none"> Mon: - Nil - Tue: - Nil - Wed: - Nil - Thu: - Nil - Fri: Trade (Feb)

Sources: Bloomberg, Maybank FX Research

Selected G7 FX View

Currency	Stories of the Week
DXY Index	<p>Focus on Retail Sales and Inflation. Our call in last FX Weekly for DXY to rebound in the near term materialised. DXY traded a high of 97.1 (7 Mar) before easing lower as NFP disappointed to the downside (+20k vs. +180k expected vs. +311k prior). But payrolls data is not entirely negative as unemployment rate fell further to 3.8% (vs. expectation of 3.9%) while wage growth surprised to the upside (+3.4% vs. +3.3% expected). These are signs of a tightening labor market.</p> <p>DXY was last seen at 97.32 levels. Mild bullish momentum on daily chart remains intact but rising stochastics is showing signs of slowing near-overbought conditions. This may suggest a moderation in recent bull run. Key resistance at 97.7 (2018 high). Break above this could point to further upside, possibly towards 98.30 levels. But a rejection could potentially see a triple top bearish reversal in play. Pullback could re-visit support at 96.7 (21 DMA), 96.3 (50 DMA).</p> <p>Ahead of FoMC meeting (19 -20 Mar), the US retail sales (tonight), CPI (Tue) and PPI (Wed) and IP data (Fri) will be of interest. Stronger set of US data may add to further upside pressure while disappointment could reinforce Fed's pause and moderate USD gains.</p> <p><i>Focus this week on Retail Sales (Jan) on Mon; Fed Chair Powell, Brainard speak; CPI, weekly earnings (Feb) on Tue; PPI (Feb); Durable Goods, Construction spending (Jan) on Wed; New Home Sales (Jan); Import, Export prices (Feb) on Thu; Empire Mfg (Mar); IP (Feb); JOLTS job openings (Jan); Uni. Of Michigan Sentiment (Mar P) on Fri.</i></p>
EUR/USD	<p>Mild Rebound Not Ruled Out. The recent shift in ECB's policy bias - delay in forward guidance (rates to remain at present levels through end-2019, from end Summer-2019), earlier than expected use of TLTRO, big downgrade to growth projection (from 1.7% to 1.1% for 2019) and core inflation (to average 1.2% in 2019, down from 1.6% earlier forecast) could continue to weigh on EUR as the series of action were signs that deceleration in Euro-area economic growth could come faster than expected and that slower growth may not be due to one-off event.</p> <p>But judging from price action, EUR's decline post-ECB decision has been rather orderly with the magnitude of decline at ~1.2%. This could be due to market's dovish expectation of ECB ahead of the decision. The CFTC net short position of EUR at 2-year high would also suggest that there are many negatives being priced in. In terms of EU-UST bond yield differentials, one would have imagined that the negative yield differentials at -301bps (for 2Y) should have further widened amid policy divergence between ECB and Fed but the spread remained relatively stable. What this means is that if Fed signals a longer pause, the negative spread may even narrow and this could suggest that the room for further downside in EUR may be limited towards 1.10.</p> <p>EUR was last seen at 1.1240 levels. Bearish momentum on daily chart remains intact while stochastic is nearing oversold conditions. A moderation in recent decline is not ruled out. Rebound could target resistance at 1.1315 (21 DMA), 1.1380 (50, 100 DMAs) and 1.1450 (50% fibo). Key support at 1.1190 (61.8% fibo retracement of 2016 low to 2017 high). Decisive break below this could see further decline towards 1.1110, 1.1050 levels.</p> <p><i>Focus this week on German IP, Trade, current account (Jan) on Mon; ECB's Lautenschlaeger speaks on Tue; Industrial Production (Jan) on Wed; ECB's Coeure speaks; German CPI (Feb) on Thu; CPI (Feb) on Fri.</i></p>
GBP/USD	<p>Busy Week of Multiple Votes for GBP. GBP briefly fell below 1.30-handle this morning in reaction to news that there was no progress on EU-UK negotiations, that PM May looks on track to suffer a heavy defeat on her Brexit deal tomorrow and EU may be prepared to ask UK for more money in order to extend Article 50 while domestically, PM May has reportedly lost the backing of all but 2 of her cabinet ministers.</p> <p>This week is crunch time for UK and GBP: (1) a second meaningful vote on the re-negotiated withdrawal deal takes place on 12th Mar. If PM May is successful in securing a majority, the UK will leave the EU on 29th Mar as planned and the transitional phase with EU will kick in until Dec-2020. [Orderly Brexit; GBP-positive]; (2) if the deal fails to win an approval, a motion will be tabled for a vote by 13th Mar, asking if the House supports leaving the EU without a withdrawal agreement</p>

(i.e. no-deal Brexit). If there is an explicit consent from the House in favor of exit without a deal, then UK will leave on 29th Mar [Disorderly Brexit; Negative surprise outcome; GBP-negative]; (3) However if it fails to get the House consent, then the **Government will bring forward a motion on 14th Mar, on whether the House want to seek an extension to Article 50** (i.e. Brexit delay beyond 29th Mar). PM May is not in favor of an extension of Article 50 as an extension beyond Jun would mean UK will participate in European parliament elections in May. But she is willing to make concession for a short extension of up to 3 months while EU had previously said that they are willing to consider an extension of up to 21 months. An approval from the House to extend brexit date [GBP-positive] would see PM May making formal request to EU with a decision from the EU expected at 20-21 Mar EU Summit. (4) **But in the event there is no majority from the House consenting an extension, the UK will proceed to leave on 29th Mar as scheduled [Disorderly Brexit; GBP-negative].**

We expect the House to reject the withdrawal deal on Tue (overwhelming defeat could weigh on GBP), the House to reject leaving the EU without a deal on Wed and the House to win a majority to extend Article 50 beyond 29th Mar (relief rally for GBP). Extent of the recovery is dependent of the period of extension (which will only be made known at EU Summit).

The move lower in GBP last week was well flagged out in our last FX Weekly (dated 1 Mar). Pair was last seen at 1.30 levels. Bearish momentum on daily chart remains intact while stochastics is falling. Risks skewed to the downside. Retracement could re-visit 1.29 levels (23.6% fibo retracement of 2018 high to 2019 low). Elsewhere 50DMA looks on track to cut 200 DMA to the upside - golden cross pattern - typically a bullish signal. 2-way trade expected; bias to buy dips unless there is a hard brexit outcome.

Focus this week on BoE's Haskel speaks on Mon; Trade, IP, Construction output (Jan); Second Meaningful Vote on Tue; Potential House of Commons' vote on no-deal brexit on Wed; RICS House Price Balance Feb); Potential vote on Brexit delay on Thu.

USD/JPY **BoJ Meeting in Focus.** Pair was last seen at 111.25 levels. Bullish momentum on daily chart shows signs of waning while stochastics is showing signs of turning lower from near-overbought conditions. Bias to sell rallies. Resistance at 111.50, 112.20. Support at 111 (21 DMA), 110 levels (50 DMA).

Focus this week on BSI Large All Industry (1Q) on Tue; PPI (Feb); Core Machine Orders (Jan) on Wed; BoJ Policy Meeting on Fri.






AUD/USD **Chance of Rebound.** AUD was last seen at 0.7050 levels. Bearish momentum on daily chart is showing some signs of waning while stochastics shows signs of turning from oversold conditions. We do not rule out SOME chance of rebound towards 0.71 (21 DMA), 0.7160 (100 DMA). Support at 0.6980 - 0.70 levels.

Focus this week on NAB Business Confidence (Feb); RBA's Debelle speaks on Tue; Consumer Confidence (Mar) on Wed; Inflation Expectation on Thu.

NZD/USD **Range-Bound.** NZD retraced early week's losses into NY close last Fri. Pair was last seen at 0.6815 levels. Mild bearish momentum on daily chart is showing signs of waning while stochastics shows tentative signs of rising from near oversold conditions. In absence of fresh catalyst, we continue to look for range-bound trade in the range of 0.6750 (200 DMA) - 0.6890 this week.

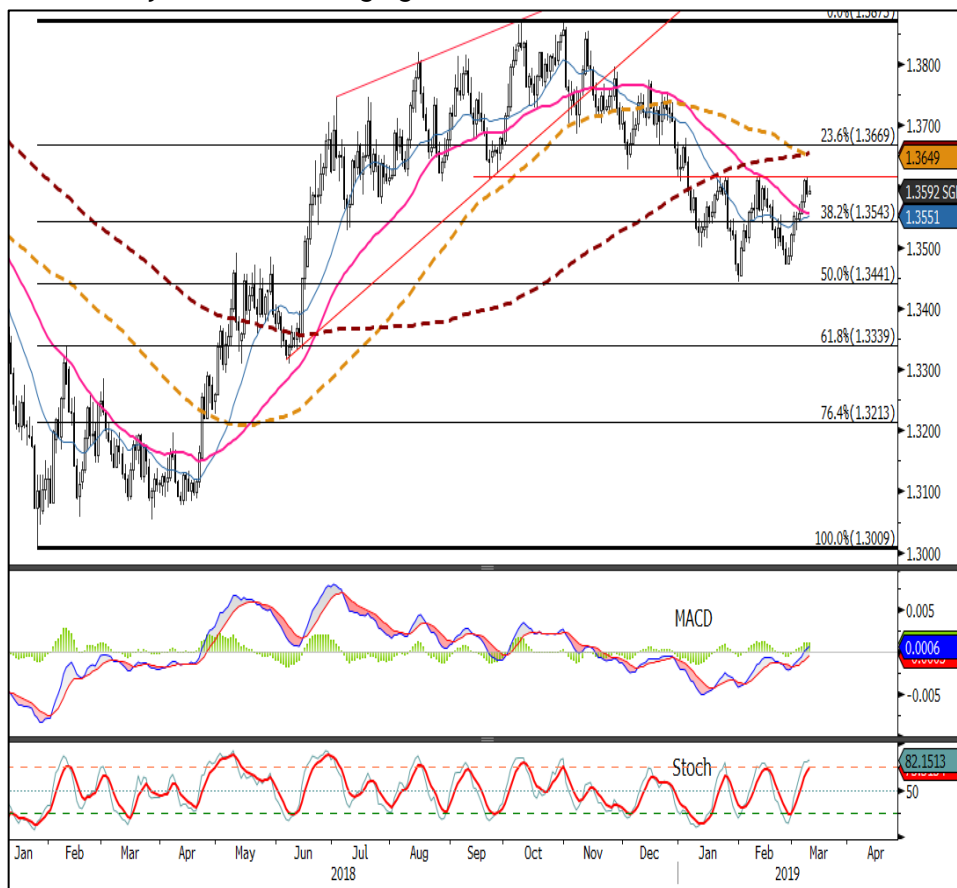
Focus next week on Card spending (Feb) on Mon; Food Prices (Feb) on Wed; Mfg PMI (Feb); Net Migration (Jan) on Fri.

Technical View: MYR Crosses

MYR Crosses	Direction	Support/Resistance	Stories of the Week
SGD/MYR		S:2.9950; R:3.0220	Fade. SGDMYR fell out of the rising wedge pattern last week. Cross was last seen at 3.0080. Bullish momentum on daily chart remains intact but shows tentative signs of waning while stochastics is falling. Further downside not ruled out. Support at 3.0050, 2.9950 levels (50% fibo retracement of 2018 low to high). Resistance at 3.01 (38.2% fibo), 3.0220 (50 DMA).
AUD/MYR		S: 2.8600 R:2.9200	Signs of Rebound. AUDMYR traded lower into last week's close, in line with our call for downside risks. Cross was last seen at 2.8780 levels. Mild bearish momentum on daily chart remains intact but stochastics shows signs of turning from oversold conditions. Decline could moderate from here. On chart pattern, a potential bullish doji star could be formed (8 th Mar). Confirmation dependent on next candlestick. Rebound could re-visit 2.8950 (21 DMA), 2.92 (50 DMA). Support at 2.86 levels.
EUR/MYR		S: 4.5700; R:4.6500	Bearish Bias. EURMYR fell below 4.60-handle after ECB surprised with forward guidance and the use of TLTRO last week. Cross was last seen at 4.5930 levels. Bullish momentum on daily chart faded while stochastics is falling. Bearish bias remains. Support at 4.57 levels. Resistance at 4.6130, 4.6350 and 4.6620 levels.
GBP/MYR		S: 5.2500; R: 5.3500	Downside Pressure; Buy Dips Preferred. GBPMYR fell sharply, in line with our call in the last FX Weekly for a move towards 5.30 levels, from then 5.40 levels. Cross traded a low of sub-5.30 levels this morning and was last seen at 5.3090 levels. Bullish momentum on daily chart is waning while stochastics is falling. Risks remain skewed to the downside. Support at 5.2770 (76.4% fibo retracement of Aug low to Oct high), 5.2240. We look for dips to buy into. Resistance at 5.33, 5.35 levels before 5.3920 (38.2% fibo).
JPY/MYR		S: 3.6200 R: 3.7200	Upside Risks but Sell Rallies. JPYMYR drifted higher last week amid MYR underperformance. Cross was last seen at 3.6790 levels. Daily momentum and stochastics indicators are indicating a mild bullish bias. Resistance at 3.69 (200 DMA) before 3.72. Support at 3.6570, 3.62 levels. Upside risks remain buy bias to sell rallies.

Technical Chart Picks:

USDSGD Daily Chart - Conflicting Signals

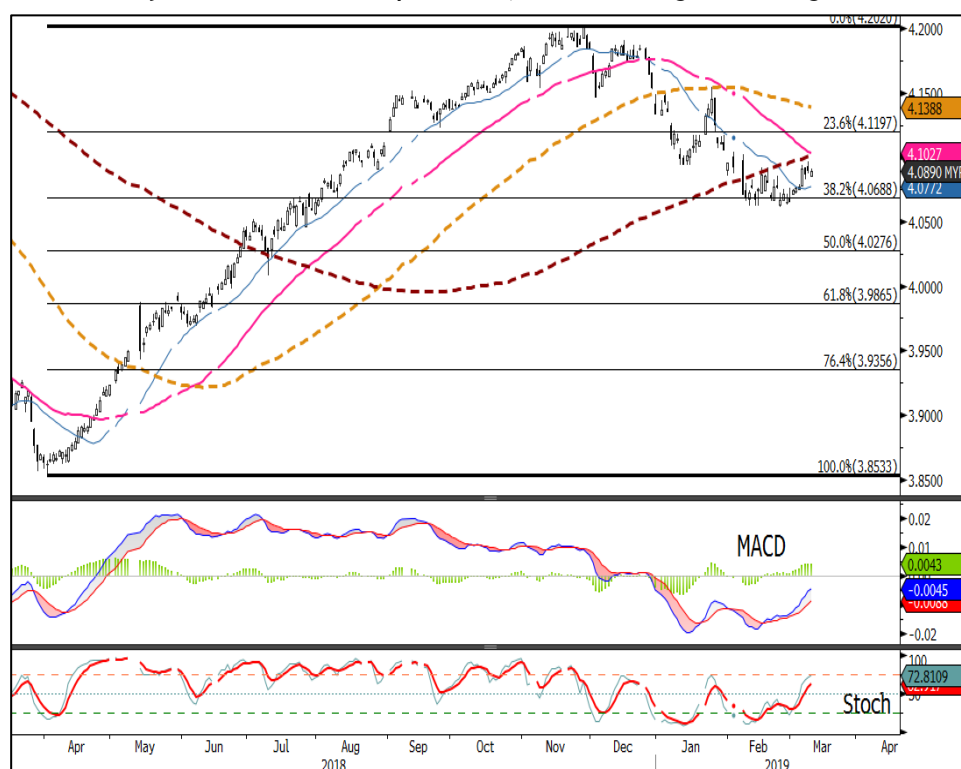


USDSGD traded higher last week, in line with our caution for the risk of near term rebound. Pair was last seen at 1.3590 levels.

Technical signals are conflicting: 21DMA looks on track to cut 50 DMA to the upside (near term upside pressure) but 100 DMA is cutting 200 DMA to the downside (death cross: bearish signal).

Bullish momentum on daily chart remains intact but stochastics is rising into overbought conditions. We continue to caution for some upside risks in the near term. Resistance at 1.3615, 1.3650 (100, 200 DMAs) - 1.3670 (23.6% fibo retracement of 2018 low to high). Support at 1.3540/50 (38.2% fibo, 21, 50 DMAs), 1.35. Look for range of 1.35 - 1.3650.

USDMYR Daily Chart - Near Term Upside Risk; Bias to lean against Strength



USDMYR traded higher last week. Pair was last seen at 4.0890 levels. Daily momentum is bullish while stochastics is rising. Near term risks skewed to the upside. Resistance at 4.0950, 4.1020 levels.

That said a death cross pattern appears to be in the making with 50DMA on track to cut 200 DMA to the downside. This is typically bearish. Elsewhere on chart pattern, a potential spinning top bearish reversal candlestick is observed on 8th Mar. Bias to lean against strength remains. Support at 4.0770 (21 DMA), 4.0690, 4.0620.

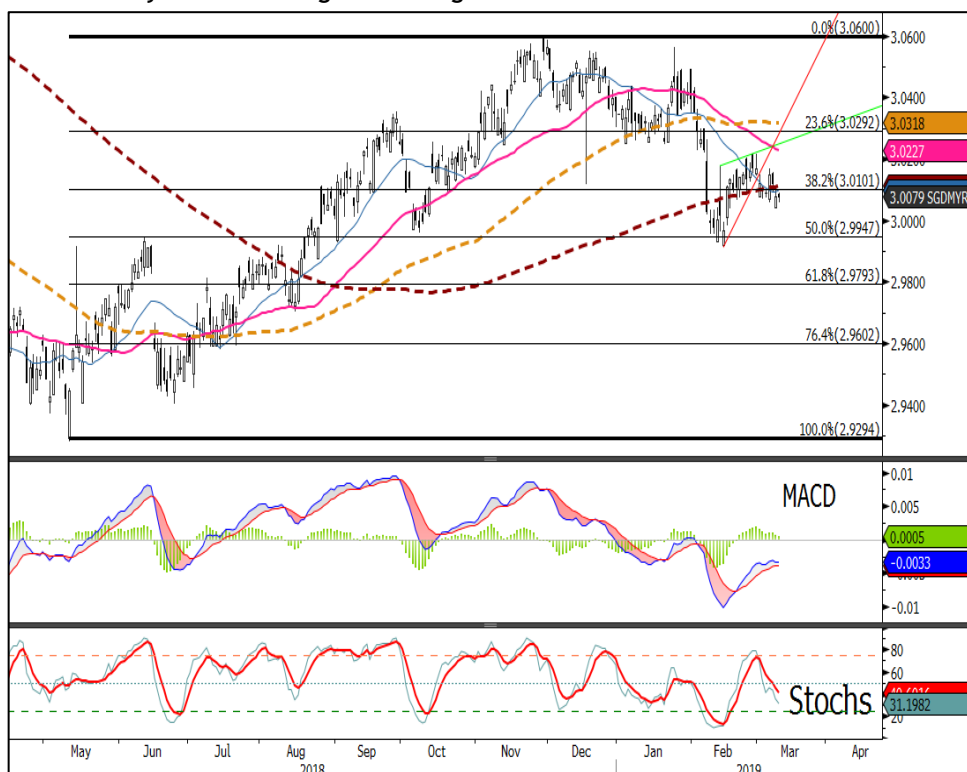
AUDSGD Daily Chart: Chance of Rebound



AUDSGD was last seen at 0.9570 levels. Bearish momentum on weekly chart remains intact which stochastics is falling.

Price action shows a potential falling wedge pattern in the making. This could point to near term rebound. Resistance at 0.9620 (21 DMA), 0.9670 (50 DMA) and 0.9770 (100 DMA). Support at 0.9530, 0.9440 levels.

SGDMYR Daily Chart: Lean against Strength



SGDMYR fell out of the rising wedge pattern last week. Cross was last seen at 3.0080. Bullish momentum on daily chart remains intact but shows tentative signs of waning while stochastics is falling.

Further downside not ruled out. Support at 3.0050, 2.9950 levels (50% fibo retracement of 2018 low to high). Resistance at 3.01 (38.2% fibo), 3.0220 (50 DMA).

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