

FX Weekly

Looking for Stronger Green Shoots

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 - Cautious.** Support at 4.0950; Resistance at 4.1300
- **AUD/SGD - Buy Dips.** Support at 0.9620; Resistance at 0.9820
- **SGD/MYR - Overbought.** Support at 3.0270; Resistance at 3.0420

China 1Q GDP, Activity; SG NODX; PMIs to Offer More Clues

We have argued that global growth easing does not equate to an outright recession as there are signs of stabilisation showing up in China and Europe. Indeed China exports rebounded sharply to +21.3% y/y (in CNY terms) for Mar (vs. -16.6% y/y in Feb) and trade surplus ballooned to U\$32.64bn from previous U\$4.08bn. Imports, on the other hand, surprisingly contracted (-1.8% y/y vs. -0.3% in Feb). While the sharp rebound and strong trade surplus is positive for growth, the decline in imports still suggest sluggish domestic demand and this does not change our view that another targetted RRR cut may well be needed soon. Data release next week including (1) 1Q China GDP, industrial production, retail sales; Singapore NODX (Wed); Mar preliminary PMIs for Euro-area (Thu) will provide a stock take on whether these green shoots prove sustainable. If they are, USD/AXJ should head lower. US empire mfg, IP, retail sales and prelim PMIs are in focus next week - another deceleration could drag USD lower.

Rounding Bottom Forming for AUDSGD, EURUSD, EURGBP

A rounding bottom pattern appears to be in the making for AUDSGD, EURUSD and EURGBP. This technical pattern is usually found at the end of an extended downtrend and typically signifies a potential bullish reversal. For AUDSGD, 21 DMA looks on track to cut 50 DMA to the upside. A move towards 0.9750, 0.9820 should not be ruled out. For EUR, a weekly close above 1.1280 could see further upside moves towards 1.1315, 1.1350. For EURGBP, a weekly close above 0.8640 could see the cross head towards 0.8720, 0.8820. Elsewhere we look for SGDMYR to ease towards 3.0270 after a bull run this week.

Plenty of Market Closure Next Week

Key highlights next week include US empire manufacturing; NZ services PMI; PH overseas remittances on Mon. For Tue, US IP; German ZEW survey; EU construction output; UK wage growth and employment change. For Wed, US, EU, JP, SG trade data; EU, UK and NZ CPI; AU leading index. For Thu, US retail sales, Philly Fed business outlook; preliminary PMIs from US and EU; EU PPI; UK retail sales. For Fri, JP CPI; US housing starts, building permits. Fed speaks include Evans on Mon; Rosengren, Kaplan on Tue; Harker, Bullard on Wed; Logan, Bostic on Thu. There are plenty of market closures in the region including Thailand on Mon, Tue; India on Wed; Philippines on Thu and US, EU, UK, AU, NZ, SG, HK, ID, PH and IN are closed on Fri. Indonesia election on Wed.

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Our in-house model implies that S\$NEER is trading 1.14% above the implied midpoint of 1.3718, 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: Empire Mfg (Apr); Fed's Evans speaks; • Tue: Fed's Rosengren, Kaplan speak; Industrial Production (Mar); • Wed: Trade, Wholesale Inventories, Trade sales (Feb); Fed's Harker, Bullard speak; • Thu: Fed's Logan, Bostic speak; Retail Sales (Mar); Philly Fed Business outlook (Apr); Prelim PMI (Apr); • Fri: Housing Starts, Building Permits (Mar)
EURUSD		S: 1.1220; R: 1.1450	<ul style="list-style-type: none"> • Mon: - Nil - • Tue: ZEW Survey (Apr); Construction Output (Feb); • Wed: Trade (Feb); CPI (Mar); • Thu: Prelim PMI (Apr); PPI (Mar) • Fri: - Nil -
AUDUSD		S: 0.7050; R: 0.7240	<ul style="list-style-type: none"> • Mon: - Nil - • Tues: RBA Minutes; • Wed: Westpac Leading Index (Mar); • Thu: NAB Business Confidence (1Q); Labor Market Report (Mar) • Fri: - Nil -
NZDUSD		S: 0.6690; R: 0.6820	<ul style="list-style-type: none"> • Mon: Services PMI (Mar); • Tue: - Nil - • Wed: CPI (1Q) • Thu: - Nil - • Fri: - Nil -
GBPUSD		S: 1.2970; R: 1.3280	<ul style="list-style-type: none"> • Mon: Rightmove House Prices (Apr); BoE's Haskel; • Tue: Weekly Earnings, Employment change (Feb); • Wed: CPI, PPI, RPI (Mar); BoE's Carney speaks; • Thu: Retail Sales (Mar) • Fri: - Nil -
USDJPY		S: 110.80; R: 112.20	<ul style="list-style-type: none"> • Mon: BoJ Wakatabe speaks; • Tue: - Nil - • Wed: Trade (Mar); Industrial Production (Feb); • Thu: - Nil - • Fri: CPI (Mar)
USDCNH		S: 6.6800; R: 6.7500	<ul style="list-style-type: none"> • Mon: - Nil - • Tue: New Home Prices (Mar); • Wed: GDP (1Q); Retail Sales, Industrial Production, FAI (Mar) • Thu: - Nil - • Fri: - Nil -
USDSGD		S: 1.3440; R: 1.3620	<ul style="list-style-type: none"> • Mon: - Nil - • Tue: - Nil - • Wed: NODX (Mar) • Thu: - Nil - • Fri: - Nil -
USDMYR		S: 4.0950; R: 4.1300	<ul style="list-style-type: none"> • Mon: - Nil - • Tue: - Nil - • Wed: - Nil - • Thu: - Nil - • Fri: - Nil -
USDPHP		S: 51.50; R: 52.50	<ul style="list-style-type: none"> • Mon: Overseas Remittances (Feb) • Tue: - Nil - • Wed: BoP (Mar) • Thu: - Nil - • Fri: - Nil -
USDIDR		S: 14,000; R: 14,300	<ul style="list-style-type: none"> • Mon: Trade (Mar) • Tue: - Nil - • Wed: Presidential, General Elections • Thu: - Nil - • Fri: - Nil -

Sources: Bloomberg, Maybank FX Research

Selected G7 FX View

Currency	Stories of the Week
DXY Index	<p>Retail Sales, IP, Prelim PMIs in Focus. USD drifted a touch softer this week following weaker than expected US data including wage growth, factory orders and core CPI while Fed minutes continued to place an emphasis on patience for rates to stay on hold through 2019. Fed's Vice-Chair Clarida said he doesn't see a need now for rate move in either direction and economy is in good place while slowing from 2018. Growing optimism of US-China inching closer to a deal was also another factor supporting sentiment and weighed on the dollar.</p> <p>Though growth momentum is easing in major economies, we argue that growth easing does not equate to an outright recession. There are signs of stabilisation showing up in China and Europe while policymakers including central banks were swift this time to respond with stimulus measures and easy policies. These may well prove to be timely to cushion against a deep global growth slowdown. USD strength should then ease as activity in US peaks and turn lower while signs of stabilisation are starting to show up in other parts of the world. Next week, empire mfg, IP, retail sales and prelim PMIs are in focus - another deceleration could drag USD lower.</p> <p>DXY was last seen at 97 levels. Mild bearish momentum on daily chart remains intact while stochastics is falling. Decisive move below immediate support at 96.85 (21 DMA) could see DXY trade lower towards 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). Resistance at 97.50, 97.70 (triple top). 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><i>Focus next week on Empire Mfg (Apr); Fed's Evans speaks on Mon; Fed's Rosengren speaks; Industrial Production (Mar); Fed's Kaplan speaks on Tue; Trade, Wholesale Inventories, Trade sales (Feb); Fed's Harker, Bullard speak on Wed; Fed's Logan speaks; Retail Sales (Mar); Philly Fed Business outlook (Apr); Prelim PMI (Apr); Fed's Bostic speaks on Thu; Housing Starts, Building Permits (Mar) on Fri.</i></p>
EUR/USD	<p>Buy Dips. EUR drifted higher this week despite a dovish-leaning ECB. Draghi acknowledged that the economic weakness had proved 'somewhat longer lasting' than previously expected and ECB is willing and able to act is Eurozone economy remains weak. He added that ECB could even tolerate a period of above-target inflation in order to put the economy back on track. His comments may appear dovish and could possibly raise the risk of further rate cut but we doubt if a cut would materialise as signs of stabilisation are already showing up in European activity including IP, German survey expectations. No doubt Germany is undergoing a soft patch for now, we think this is one-off and economy should recover once the one-off event relating to auto emission scandal fades. We believe further stabilisation in EU data, in particular coming from Germany (soft patch likely due to one-off events) translating into real pick-up would provide the confidence for potential portfolio re-allocation to underweight European equities (flow story is supportive of EUR). With many negatives already 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.), unwinding of stale EUR short may see abrupt 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. We remain convicted to our call to buy EUR on dip.</p> <p>EUR was last seen at 1.1288 levels. Daily momentum is mild bullish while stochastics is rising. A weekly close above resistance at 1.1280 (21 DMA) could see further upside moves towards 1.1315 (50 DMA) and 1.1350 (100 DMA). Support at 1.1240, 1.1220 levels. We remain biased to buy dips. Monthly chart shows tentative signs of turn-around in stochastics from oversold conditions - hint that room for further downside could be limited. A rounding bottoming also appears to be in the making. 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.</p> <p><i>Focus next week ZEW Survey (Apr); Construction Output (Feb) on Tue; Trade (Feb); CPI (Mar) on Wed; Prelim PMI (Apr); PPI (Mar) on Thu.</i></p>

GBP/USD Buy Dips. Taking stock of recent brexit development, EU is said to offer PM May brexit delay until 31st Oct with a review to be held in Jun to take stock of progress. Note that this compromised date is longer than PM May's request for 30th Jun but shorter than Tusk's proposal for Apr-2020. Now this raises question if a snap elections could be called to overturn PM May (GBP-negative) or if a second referendum could be held in time (possibly GBP-positive). Focus is also on the outcome of the technical discussion between Conservative and Labour parties. We continue to argue that soft, delayed brexit is a base case scenario and that forms the basis to buy GBP on dips as no-deal brexit is less likely to take place (parliament passed a law designed to ensure UK does not leave the EU without a deal) and the extension of brexit is also expected.

GBP traded a relatively subdued range of 1.3020 - 1.3120 this week; last seen at 1.3060 levels. Bearish momentum on daily chart shows early signs of fading while stochastics is showing tentative signs of turning from near-oversold conditions. Recovery could be on the horizon. Close above 1.3090 (50 DMA) could put GBP closer to 1.3150 (21 DMA), and 1.3280 levels. Immediate support at 1.30, 1.2970 (200 DMA). Bias remains to buy dips as fear of hard brexit has receded.

Focus next week on Rightmove House Prices (Apr); BoE's Haskel on Mon; Weekly Earnings, Employment change (Feb) on Tue; CPI, PPI, RPI (Mar); BoE's Carney speaks on Wed; Retail Sales (Mar) on Thu.

USD/JPY Sell Rallies. USDJPY traded higher this week, tracking the rise in Nikkei and UST yields (rotation out of bonds to equity play). Pair was last seen at 111.80 levels. Mild bullish momentum remains intact but stochastics is in overbought conditions. Room for upside likely to be limited towards 112.20. Immediate resistance at 111.80 (interim double top). Break above could risk a move towards 112.20. Bias to lean against strength. We would review our sell-rally call if 112.50 is breached. Support at 111, 110.80.

Focus next week on BoJ Wakatabe speaks on Mon; Trade (Mar); Industrial Production (Feb) on Wed; CPI (Mar) on Fri.

AUD/USD Buy Dips. AUD firmed modestly this week but the move higher failed to break above 0.7150/60 resistance. Nonetheless we remain constructive of further AUD upside on the potential of a US-China trade deal, absence of urgency for RBA to join other DM central banks in turning dovish and signs of green shoots in China and Europe. AUD was last seen at 0.7130 levels. Bullish momentum on daily chart remains intact but stochastics shows some signs of easing from near-overbought conditions. This could suggest the risk of a pullback, which we are still in favor of buying into. 21DMA looks on track to cut 50 DMA to the upside. Support at 0.71 levels (21, 50 DMAs), 0.7050 levels. Key resistance at 0.7150/60 needs to be broken for AUD to trade higher towards 0.7190 (200 DMA), 0.7240 levels. Downside risk to our view includes Australia Federal elections - to take place on 18th May. Election uncertainty (the potential for Labour Party to seize power at this election albeit a very close race) on this front could dampen AUD up-move.

Focus next week on RBA Minutes on Tue; Westpac Leading Index (Mar) on Wed; NAB Business Confidence (1Q); Labor Market Report (Mar) on Fri.

NZD/USD May See a Mild Rebound. RBNZ Governor Orr said that a mixed picture makes next rate decision difficult. He admitted that terms of trade are strong but NZ has capacity constraints while global growth has slowed and domestic confidence is weak. Recall that RBNZ made a dovish tilt in its last MPC meeting in saying "more likely direction our next OCR move is down" vs. "direction of our next OCR move could be up or down". The dovish tilt had markets shifting its expectations calling for up to 2 cuts this year, with the first one possibly coming in as early as at the Jun meeting. We argued that there is little need for RBNZ to join other DM central banks at this stage in turning dovish. Inflationary pressures as capacity builds and the risk of further upward pressure on domestic prices including wage growth (owing to tightening of labor market) are sufficient for RBNZ to remain on hold. We caution that sustained rise in CPI and activity picking up further could see market pare back rate cut expectations and NZD could spring higher then. Pair was last seen at 0.6730 levels. Mild bearish momentum on daily chart remains intact but shows signs of fading while stochastics is showing signs of turning from oversold territories. Mild rebound not ruled out in the short term. Immediate resistance at 0.6780, 0.6820 levels (21, 50 DMAs). Support at 0.6730 (200 DMA), 0.6720 before 0.6690 levels (50% fibo retracement of Oct low to Dec high).

Focus next week on Services PMI (Mar) on Mon; CPI (1Q) on Tue.

Technical View: MYR Crosses

MYR Crosses	Direction	Support/Resistance	Stories of the Week
SGD/MYR		S: 3.0270; R: 3.0420	Bullish but Overbought. SGDMYR drifted higher this week amid MYR underperformance. Cross was last seen at 3.0380 levels. Bullish momentum on daily chart remains intact but stochastics shows signs of turning lower from overbought conditions. Death cross (50 DMA cuts 200 DMA) formed is typically associated with a bearish signal. Resistance at 3.0420 (100 DMA). Bias to lean against strength. Support at 3.0350, 3.0270 levels.
AUD/MYR		S: 2.9040 R: 3.0020	Could Retrace before Another Leg Up. Our call for AUDMYR to head higher towards 2.9435 met its objective. Intra-week high was seen at 2.95 (11 Apr) and before easing off. Cross was last seen at 2.9380 levels. Momentum and stochastics indicators are supportive of further upside but we do not rule out retracement risks before the next leg higher towards 2.9640 (200 DMA), 2.9750 (50% fibo retracement of Dec high to 2019 low) and 3.0020 levels. Support at 2.9170 (23.6% fibo), 2.9040 (21, 50 DMAs).
EUR/MYR		S: 4.6200; R: 4.6900	Buy Dips. EURMYR sprang higher this week, in line with our call for rebound play. Cross was last seen at 4.6530 levels. Bullish momentum on daily chart remains intact though stochastics is rising into overbought conditions. Bias for further upside; buy dips preferred. Support at 4.6160 (50 DMA). Resistance at 4.6720 (100 DMA), 4.69 levels.
GBP/MYR		S: 5.3200; R: 5.4300	Still Biased for Upside Play. GBPMYR traded higher this week. Cross was last seen at 5.3870 levels. Daily momentum turned mild bullish while stochastics is rising. Cross could still head higher. Our bias to buy dips looking for upside play remains intact. Resistance at 5.39, 5.4340 levels. Support at 5.3450 (50, 200 DMAs), 5.3210 (100 DMA).
JPY/MYR		S: 3.6700 R: 3.7100	Sideways. JPYMYR drifted higher this week. Cross was last seen at 3.6870 levels. A potential interim double top appeared to have formed at 3.71 levels (also 100 DMA). This could provide a strong resistance to cap further rally. Support at 3.6830 (38.2% fibo retracement of 2019 low to high), 3.6740 (21, 50 DMAs, 50% fibo) and 3.6650 (61.8% fibo). Some upside risks likely but resistance at 3.71 levels should limit. Look for sideways trade in 3.67 - 3.71 range.

Technical Chart Picks:

USDSGD Weekly Chart - Fade the Upticks

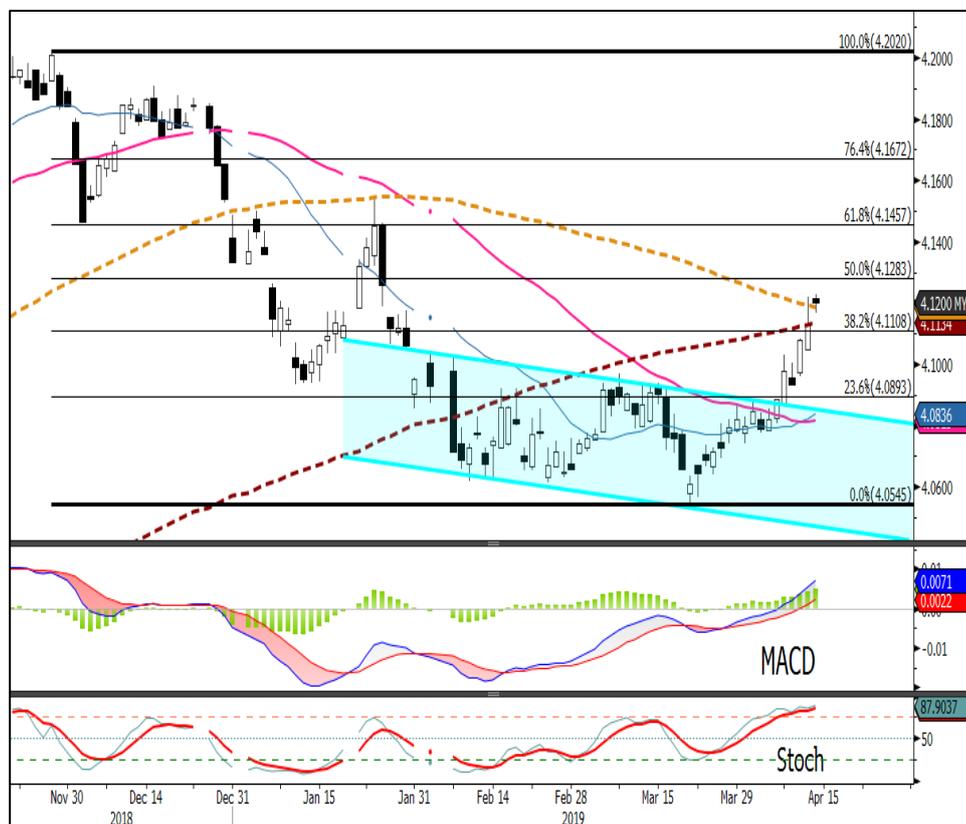


USDSGD saw a sharp and brief spike this morning towards 1.3581 post-MAS decision but the move has been retraced. Last seen at 1.3567 levels.

Mild bullish momentum on daily chart remains intact. Near term upside pressure not ruled out but bias to lean against strength. We look for the pair to trade in the range of 1.3440 - 1.3620, with bias to sell rallies.

Near term support at 1.3530, 1.3515; immediate resistance at 1.3580 before 1.3620.

USDMYR Daily Chart - Cautious of Further Upside on Break above 4.12



USDMYR drifted sharply higher this week, in line with our caution for upside risk but magnitude of the move was larger than expected.

Pair was last seen at 4.12 levels. Bullish bias on daily chart remains intact while stochastics is rising into overbought conditions.

Resistance at 4.12 levels if broken could trigger further buying towards 4.13, 4.1450 levels. Support at 4.110, 4.09.

AUDSGD Daily Chart: Rounding Bottom



AUDSGD drifted higher this week, in with our call - looking for upmoves.

Cross was last seen at 0.9670 levels. A rounding bottom appears to be in the making - this is usually found at the end of an extended downtrend and typically signifies a bullish reversal while 21 DMA looks on track to cut 50 DMA to the upside. Momentum on daily chart remains intact. Resistance at 0.97 (100 DMA) before 0.9750 (38.2% fibo retracement of Dec high to 2019 double-bottom), 0.9820 (50% fibo, 200 DMA). We continue to look for upward play. Support at 0.9620 (21, 50 DMAs), 0.96 levels.

SGDMYR Daily Chart: Bullish but Overbought



SGDMYR drifted higher this week amid MYR underperformance. Cross was last seen at 3.0380 levels.

Bullish momentum on daily chart remains intact but stochastics shows signs of turning lower from overbought conditions. Death cross (50 DMA cuts 200 DMA) formed is typically associated with a bearish signal. Resistance at 3.0420 (100 DMA). Bias to lean against strength. Support at 3.0350, 3.0270 levels.

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