

FX Weekly

Will the Dots Shift?

The Week Ahead

- **Dollar Index - Downside.** Support at 95.50; Resistance at 97.70
- **USD/SGD - Consolidate.** Support at 1.3450; Resistance at 1.3620
- **USD/MYR - Fade.** Support at 4.0690; Resistance at 4.1030
- **AUD/SGD - Rebound.** Support at 0.9560; Resistance at 0.9670
- **SGD/MYR - Sell Rallies.** Support at 3.0000; Resistance at 3.0300

OPEC+; FoMC and EU Summit (21-22 Mar) in Focus

FoMC meeting decision (2am SG/KL time 21 Mar) will be closely watched. While the Fed is widely expected to keep target range of 2.25% - 2.50% unchanged, **markets are eyeing Fed's plan to end balance sheet normalisation.** A decision to end balance sheet normalisation earlier or slow the pace of normalisation could ease financial conditions. On the dots plot, we do not rule out the small risk of a shift lower in guidance. A potential shift (out-of-consensus) lower to 1 hike for 2019, down from 2 hikes in Dec meeting could further weigh on USD. Much softer than expected US data including inflation and NFP warrant Fed's patience on rate normalisation. Any hint of prolonged pause could lead to further downward pressure on USD, especially when USD-long position has risen to 2019-high. But we caution against positioning for ultra-dovish Fed. We still look for USDSGD to trade 1.3450 - 1.3620 range; remain bias to buy EUR on dips for move towards 1.1450. Elsewhere OPEC+ meeting takes place this Sunday. Pledge to keep supply cuts longer could pose further upward pressure on oil. Another push higher towards \$70/bbl for brent is not ruled out.

Third Time Lucky for PM May's Deal - 20th Mar

A third meaningful vote would be held on 20th Mar on PM May's deal again (which was previously defeated twice). The House could either (1) **support her deal and subsequently request to EU for a technical extension of brexit** by up to 3 months before the exit takes place or (2) **reject the deal for the 3rd time and risk extending brexit for much longer than 3 months** (soft, delayed brexit). PM May also promised lawmakers that if her deal is not approved next week, **she will give parliament the chance to take over on 25th Mar.** This could pave the murky way for more possibilities including another public vote (supported by Labor), or for PMs to vote for a softer brexit departure than what PM May is proposing or even the case of a General Election. We continue to argue that the distribution of risks shifting away from fears of a no-deal brexit, "bad deal" brexit and towards a delayed and softer brexit reinforces our call to buy GBP on dips.

BoE, BI, BSP Meetings; NZD GDP; CPIs and Global PMIs on Tap

Key highlights next week include SG NODX and NZ services PMI on Mon. EU ZEW; UK labor report on Tue. For Wed, UK inflation. For Thu, NZ GDP; UK retail sales; BoE, BI and BSP policy meetings. We expect BoE and BI to hold while BSP may cut RRR. Global prelim PMIs are on tap on Fri; JP and MY CPIs.

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Our in-house model implies that S\$NEER is trading 1.25% above the implied midpoint of 1.3727, 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: NAHB Housing Market Index (Mar); Tue: Factory Orders, Durable Goods (Jan); Wed: - Nil - Thu: FOMC Meeting; Philly Fed Business Outlook (Mar); Leading Index (Feb); Fri: Existing Home Sales (Feb); PMI (Mar P)
EURUSD		S: 1.1190; R: 1.1450	<ul style="list-style-type: none"> Mon: Trade (Jan) Tue: Construction Output (Jan); ZEW Expectations (Mar); Labor cost (4Q); Wed: German PPI (Feb) Thu: Consumer Confidence (Mar); EU Summit (Thu - Fri); Fri: Current account (Jan); PMI (Mar P)
AUDUSD		S: 0.7000; R: 0.7160	<ul style="list-style-type: none"> Mon: - Nil - Tues: RBA Meeting Minutes; RBA's Kent speaks; House Price (4Q); Wed: Westpac Leading Index (Feb); RBA's Bullock speaks; Thu: Labor market report (Feb); Fri: PMI (Mar P)
NZDUSD		S: 0.6780; R: 0.6910	<ul style="list-style-type: none"> Mon: Services PMI (Feb); Tue: Westpac Consumer Confidence (1Q); GDT Auction Wed: Current Account (4Q); Thu: GDP (4Q); Credit card spending (Feb) Fri: - Nil -
GBPUSD		S: 1.2950; R: 1.3410	<ul style="list-style-type: none"> Mon: House Prices (Mar); Tue: Unemployment rate, Weekly earnings (Jan); Wed: CPI, PPI, RPI (Feb); Third Meaningful Vote Thu: BoE MPC Meeting; Retail sales, Public finance (Feb); Fri: - Nil -
USDJPY		S: 110.80; R: 112.20	<ul style="list-style-type: none"> Mon: IP (Jan); Trade (Feb); Tue: - Nil - Wed: BOJ Meeting Minutes; Thu: - Nil - Fri: CPI (Feb); PMI Mfg (Mar P)
USDCNH		S: 6.68000; R: 6.7600	<ul style="list-style-type: none"> Mon: - Nil - Tue: - Nil - Wed: - Nil - Thu: - Nil - Fri: - Nil -
USDSGD		S: 1.3450; R: 1.3620	<ul style="list-style-type: none"> Mon: NODX (Feb) Tue: - Nil - Wed: - Nil - Thu: - Nil - Fri: - Nil -
USDMYR		S: 4.0690; R: 4.1030	<ul style="list-style-type: none"> Mon: - Nil - Tue: - Nil - Wed: - Nil - Thu: - Nil - Fri: CPI (Feb); FX Reserves (Mar)
USDPHP		S: 52.00; R: 53.00	<ul style="list-style-type: none"> Mon: - Nil - Tue: BoP (Feb); Wed: - Nil - Thu: -BSP Policy Meeting Fri: - Nil -
USDIDR		S: 14,160; R: 14,450	<ul style="list-style-type: none"> Mon: - Nil - Tue: - Nil - Wed: - Nil - Thu: BI Policy Meeting Fri: - Nil -

Sources: Bloomberg, Maybank FX Research

Selected G7 FX View

Currency	Stories of the Week
DXY Index	<p>Range-Bound Ahead of FoMC. Our call in the last FX Weekly calling for USD gains to moderate was in play this week. MTD, DXY rose to a high of 97.71 (8 Mar) before hitting a low 96.38 (13 Mar). Move lower came amid softer than expected US CPI, PPI and dovish Fed speak from Fed Chair Powell. In an interview to CBS last week, he said that the US economic outlook is favourable and that the economy doesn't require higher or lower interest rates now... current interest rate setting is "roughly neutral".</p> <p>FoMC meeting decision, dots plot, Powell's press conference (2am SG/KL time 21 Mar) will be closely watched. While the Fed is widely expected to keep target range of 2.25% - 2.50% unchanged, markets are eyeing Fed's plan to end balance sheet normalisation. A decision to end balance sheet normalisation earlier or slow the pace of normalisation could ease financial conditions. Elsewhere on the dots plot, we do not rule out the small risk of a shift lower in guidance. A potential shift (out-of-consensus) lower to 1 hike for 2019, down from 2 hikes in Dec meeting could further weigh on USD.</p> <p>Much softer than expected US data including inflation, ISM new orders, Uni. of Michigan, NFP as well as downward risks to global growth continue to warrant Fed's patience on rate normalisation. Any hint of prolonged pause could lead to further downward pressure on USD, especially when USD-long position has risen to 2019-high.</p> <p>DXY was last seen at 96.61 levels. Daily momentum turned mild bearish while stochastics is turning lower from near-overbought conditions. Near term risks skewed to the downside. Area of support at 96.30 (50 DMA) - 96.5 (100 DMA) before 96, 95.80 (200 DMA) levels. Only a break below 200 DMA could trigger a sharper decline towards 95, 94.2 levels. Immediate resistance at 97 levels, 97.7 (triple-top).</p> <p><i>Focus next week on NAHB Housing Market Index (Mar) on Mon; Factory Orders, Durable Goods (Jan) on Tue; FoMC Meeting; Philly Fed Business Outlook (Mar); Leading Index (Feb) on Thu; Existing Home Sales (Feb); PMI (Mar P) on Fri.</i></p>
EUR/USD	<p>Mild Rebound Not Ruled Out. EUR rebounded this week, in line with our call in the last FX Weekly for <i>mild rebound not ruled out</i>. The rise in the EUR has already fully retraced post-ECB's decline and it came amid the surprise rebound in Euro-area industrial production data and the rise in GBP (on brexit vote outcomes).</p> <p>We believe that further stabilisation in EU data could be supportive of EUR gains. Next week, ZEW survey expectation (Tue), EU consumer confidence (Thu) and prelim PMIs out of the region could provide another gauge on activity data. Better data would provide the confidence for potential portfolio allocation to underweight/neutral European equities (flow story is supportive of EUR). CFTC net short position of EUR at 2-year high would also suggest that there are many negatives being priced in. Unwinding of EUR short could catalyse the EUR move higher. In addition, if Fed signals a longer pause the negative EU-UST spread may even narrow further and provide the support for EUR recovery.</p> <p>Pair was last seen at 1.1320 levels. Move higher towards 1.1360 (50, 100 DMAs), 1.1450 (50% fibo), 1.1490 (200 DMA) requires a break above area of resistance at 1.1320 (21 DMA) - 1.1340 in order to gain traction. Immediate support at 1.1250 levels. Key support still seen at 1.1190 (61.8% fibo retracement of 2016 low to 2017 high) before 1.1110.</p> <p><i>Focus next week on Trade (Jan) on Mon; Construction Output (Jan); ZEW Expectations (Mar); Labor cost (4Q) on Tue; German PPI (Feb) on Wed; Consumer Confidence (Mar) on Thu; EU Summit (Thu - Fri); Current account (Jan); PMI (Mar P) on Fri.</i></p>
GBP/USD	<p>Third Time Lucky? GBP had a volatile week as widely expected. House voted to reject PM May's deal for second time; rejected leaving the EU without a deal and voted overwhelmingly to delay Brexit date. GBP traded a low of 1.2949 and a high of 1.3381; last seen at 1.3240 levels. A golden cross pattern has been formed as 50DMA cuts 200 DMA to the upside. This is typically a bullish signal. Bias remains to buy dips. Support at 1.3130 (21 DMA), 1.3020 levels (50 DMA) and 1.2950. Resistance at 1.3410.</p>

A third meaningful vote would be held on 20th Mar on PM May's deal again (this was previously

defeated twice). The House could either (1) support her deal and subsequently request to EU for a technical extension of brexit by up to 3 months before the exit takes place or (2) reject the deal for the 3rd time and risk extending brexit for much longer than 3 months (soft, delayed brexit).

This scenario could mean that UK would have to participate in the EU parliament elections in May and very likely pay EU membership fees. In addition, **PM May also promised lawmakers that if her deal is not approved at the third meaningful vote next week, she will give parliament the chance to take over on 25th Mar.** This could pave the murky way for more possibilities including another public vote (supported by Labor), or for PMs to vote for a softer brexit departure than what PM May is proposing or even the case of a General Election.

We continue to argue that the distribution of risks shifting away from fears of a no-deal, “bad-deal” brexit and towards a delayed and softer brexit reinforces our call to buy GBP on dips.

Focus next week on House Prices (Mar) on Mon; Unemployment rate, Weekly earnings (Jan) on Tue; CPI, PPI, RPI (Feb); Third Meaningful Vote on Wed; BoE MPC Meeting; Retail sales, Public finance (Feb) on Thu.

USD/JPY Lean against Strength. USDJPY firmed this week; last seen at 111.70 levels. Daily momentum and stochastics are not indicating a clear bias for now. Expect range-bound trade in the range of 110.80 - 112.20 with bias to lean against strength.

Focus next week on IP (Jan); Trade (Feb) on Mon; BOJ Meeting Minutes on Wed; CPI (Feb); PMI Mfg (Mar P) on Fri.






AUD/USD Still Looking for Rebound. AUD rebounded this week, in line with our call in the last FX weekly. Pair traded high of 0.7098; last seen at 0.7080 levels. Bearish momentum on daily chart is fading while stochastics is rising from oversold conditions. Bullish divergence on daily chart is also in play. We continue to look for rebound towards 0.71 (21 DMA), 0.7160 (100 DMA). Support at 0.6980 - 0.70 levels.

Focus next week on RBA Meeting Minutes; RBA's Kent speaks; House Price (4Q) on Tue; Westpac Leading Index (Feb); RBA's Bullock speaks on Wed; Labor market report (Feb) on Thu; PMI (Mar P) on Fri.

NZD/USD 4Q GDP in Focus. NZD rose this week. Better than expected NZ Mfg PMI, signs of progress on US-China trade talks despite the delay in Trump-Xi Summit, stimulus measures from China (VAT cut wef. 1 Apr and social security contribution rate cut wef. 1 May) and hopes for prolonged Fed pause were some of the factors supporting NZD's rise. Pair was last seen at 0.6850 levels. Daily momentum is turning mild bullish while stochastics is rising. Risks mildly skewed to the upside but lethargic price action suggests range-bound play unless move higher decisively break above 0.6910 resistance. A break above that could see the move higher gather traction towards 0.6970, 0.70 levels. Failing which NZD could revert back to 0.6780 - 0.6880 range.

Focus next week on Services PMI (Feb) on Mon; Westpac Consumer Confidence (1Q); GDT auction on Tue; Current Account (4Q) on Wed; GDP (4Q); Credit card spending (Feb) on Thu.

Technical View: MYR Crosses

MYR Crosses	Direction	Support/Resistance	Stories of the Week
SGD/MYR		S: 3.0000; R: 3.0300	Near Term Upside Risk; Bias to Fade Remains. SGDMYR traded higher this week amid SGD outperformance. Cross was last seen at 3.0180. Bullish momentum on daily chart remains intact while stochastics is rising. Near term upside risks remain. Key resistance at 3.0210 (50 DMA). Break above this could see further up-move gain traction, possibly towards 3.0290 levels. Bias remains to lean against strength. Support at 3.0100 levels (21, 200 DMAs and 38.2% fibo retracement of 2018 low to high), 3.00 levels.
AUD/MYR		S: 2.8650 R: 2.9500	Looking for Extension of the Recovery. AUDMYR rebounded this week, in line with our call for <i>signs of rebound</i> . We also shared that a potential bullish doji star was formed on 8 th Mar. Cross was last seen at 2.8970 levels. Daily momentum turns bullish while stochastics shows signs of turning from oversold conditions. Further rebound possible on weekly close above 2.8975 (21 DMA). Next resistance at 2.92 (50 DMA), 2.95 levels. Support at 2.8650 levels.
EUR/MYR		S: 4.5800; R: 4.6900	Rebound Play. EURMYR retraced prior week's losses this week; cross was last seen at 4.63 levels. Mild bullish momentum on daily chart remains intact while stochastics is falling. Resistance at 4.65 (50 DMA), 4.69 levels. Support at 4.58 levels.
GBP/MYR		S: 5.3000; R: 5.5000	Consolidate with Bias to Buy Dips. GBPMYR traded higher into end-Asia trading week as GBP emerged stronger post-votes. Cross was last seen at 5.4140 levels. Mild bullish momentum on daily chart while stochastics is rising. Further upside risks towards 5.50 possible on clear break above 5.45 resistance (2019 high). Support at 5.32 - 35 (confluence of 21, 50, 100 and 200 DMAs). Bias to buy dips remains.
JPY/MYR		S: 3.6200 R: 3.6900	Sell Rallies. JPYMYR was a touch softer this week amid JPY relative underperformance. Cross was last seen at 3.6630 levels. Mild bullish momentum on daily chart remains intact but shows signs of waning while stochastics appeared to be turning lower. Upside pressure could ease and we stand by our view to sell rallies. Resistance at 3.69 (200 DMA) before 3.7150 (50, 100 DMAs). Support at 3.64, 3.62 levels.

Technical Chart Picks:

USDSGD Daily Chart - Range

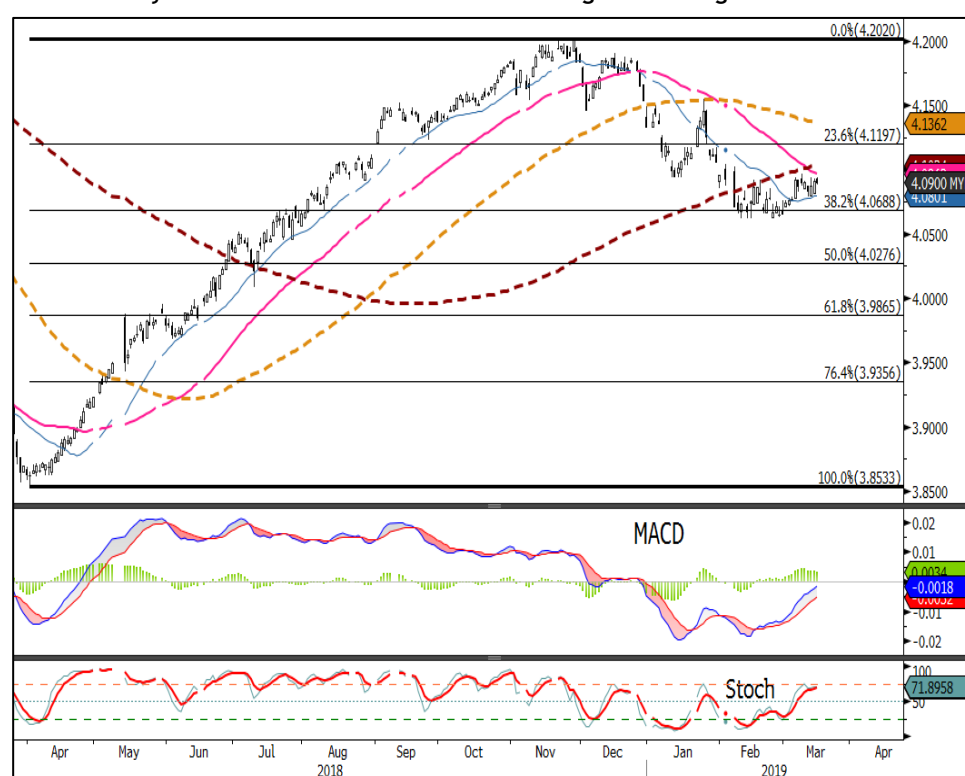


USDSGD traded modestly lower this week; last seen at 1.3550 levels.

Mild bullish momentum on daily chart remains intact but stochastics is falling from overbought conditions. Death cross formed as 100 DMA cuts 200 DMA to the downside. Support at 1.3540/50 (38.2% fibo retracement of Dec high to Feb low, 21, 50 DMAs), 1.35 (upward sloping trend-line support). Resistance at 1.3610/15, 1.3650 (61.8% fibo, 100, 200 DMAs, 1.37 (76.4% fibo).

We look for range of 1.3450 - 1.3620 next week.

USDMYR Daily Chart - Mils Bullish but Bias to lean against Strength



USDMYR traded higher this week, in line with our call for near term upside risk. Pair was last seen at 4.0900 levels. Bullish momentum on daily chart remains intact while stochastics is rising. Near term risks remain skewed to the upside. Resistance at 4.0950, 4.1030 levels.

A death cross pattern was formed with 50DMA cutting 200 DMA to the downside. This is typically bearish. Bias remains to lean against strength. Support at 4.0800 (21 DMA), 4.0690 (38.2% fibo retracement of 2018 low to high), 4.0620 (2019 low).

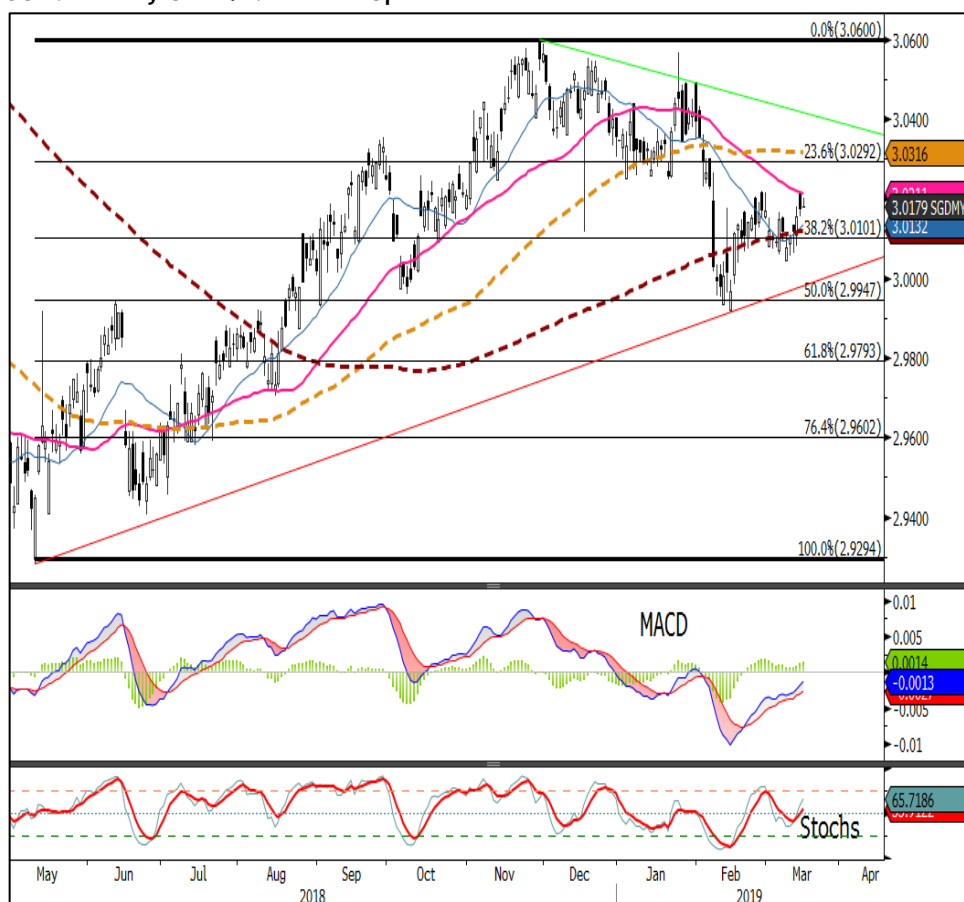
AUDSGD Daily Chart: Falling Wedge (Bullish Reversal) Could Play Out



AUDSGD drifted modestly higher this week, in line with our call for *chance of rebound*. Cross was last seen at 0.96 levels. Daily momentum shows signs of turning mild bullish while stochastics is rising. Price action also shows a potential falling wedge pattern in the making. This could point to near term rebound.

Resistance at 0.9610 (21 DMA), 0.9670 (50 DMA) and 0.9770 (100 DMA). Support at 0.9510, 0.9440 levels. We look for range of 0.9560 - 0.9670 levels next week.

SGDMYR Daily Chart: Near Term Upside Risks



SGDMYR traded higher this week amid SGD outperformance. Cross was last seen at 3.0180. Bullish momentum on daily chart remains intact while stochastics is rising. Near term upside risks remain.

Key resistance at 3.0210 (50 DMA). Break above this could see further up-move gain traction, possibly towards 3.0290 levels. Bias remains to lean against strength. Support at 3.0100 levels (21, 200 DMAs and 38.2% fibo retracement of 2018 low to high), 3.00 levels.

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