

FX Weekly

Show Me the Sincerity

The Week Ahead

- **Dollar Index - Bid.** Support at 96.80; Resistance at 98.30
- **USD/SGD - Bullish.** Support at 1.3660; Resistance at 1.3850
- **USD/MYR - Supported.** Support at 4.1500; Resistance at 4.1900
- **AUD/SGD - Reversal?** Support at 0.9350; Resistance at 0.9590
- **SGD/MYR - Pullback.** Support at 3.0250; Resistance at 3.0450

Fears of No US-China Trade Deal Growing

Dollar remains better bid this week with gains more seen vs. trade-linked FX including CNH, KRW, TWD and AUD in the current environment where sentiment is largely driven by trade-related headlines. In particular China state media said that it is meaningless for US officials to come to China and have trade talks if the US does not make any new moves that truly show sincerity. The source is pointing to Trump's recent assault on China by planning to restrict Huawei and ZTE Corp from selling their equipment to US and forbidding Huawei from doing business with American companies. Chinese buyers have also hit back by cancelling their purchases of American pork. Rising fears of no trade deal would add to risk aversion plays. Typical safe-haven FX proxies including USD, JPY should remain better bid vs. risk-on/trade-linked FX proxies.

EU Parliament, Belgium and Australia Head to the Polls

EU Parliamentary elections take place between 23 and 26 May while Belgium Federal elections take place next Sun (26 May). There are also market chatters of snap elections in Italy possibly in later part of the year given Deputy Premier Salvini rise in popularity of late. Some believe that he may take this opportunity to call for a snap election to take over as a Prime Minister. Meanwhile the Aussies head to the polls tomorrow (18 May). Polls continue to suggest that Labour could take over. That said, there is always a chance of a hung parliament which could happen if no party is able to get a majority (76 out of 151 seats for the House of Reps) and a coalition government would be needed again. Uncertainty on that front as political jostling takes place could weigh further on AUD.

Prelim PMIs, Fed Speaks; FoMC, ECB, RBA Minutes Next Week

Key data next Mon include, US CFNAI; EU current account; German PPI; services PMI; Japan GDP, IP. For Tue, EU consumer confidence; Singapore GDP; Korea 20-days exports; BoEs' Carney, Broadbent, Tenreyro, Saunders speak; RBA Gov Lowe speaks and RBA minutes. For Wed, ECB's Draghi and Praet speak; UK CPI, PPI; NZ retail sales; JP trade. For Thu, FoMC minutes; German GDP, IFO; ECB minutes; prelim PMIs from US, EU, AU and JP. For Fri, US durable goods; NZ trade; UK retail sales; JP and Malaysia CPI. Fed's Harker speaks on Mon; Powell, Evans, Rosengren on Tue; Bullard, Williams, Bostic on Wed; Kaplan, Daly, Bostic, Barkin on Thu. SG, TH markets are closed next Mon; Malaysia is out on Wed.

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 around 1% above the implied midpoint of 1.3867, 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: 96.80; R: 98.30	<ul style="list-style-type: none"> Mon: CFNAI (Apr); Fed's Harker speaks; Tue: Fed's Powell, Evans, Rosengren speak; Existing home sales (Apr); Wed: Fed's Bullard, Williams, Bostic speak; Thu: FoMC minutes; PMI (May P); Kansas City Fed Manf (May); Fed's Kaplan, Daly, Bostic, Barkin speak; Fri: Durable Goods (Apr P)
EURUSD		S: 1.1120; R: 1.1310	<ul style="list-style-type: none"> Mon: Current Account (Mar); German PPI (Apr); Tue: Consumer Confidence (May); Wed: ECB's Draghi, Praet speak; Thu: PMI (May P); ECB Minutes; German GDP (1Q); German IFO (May); Fri: - Nil -
AUDUSD		S: 0.6740; R: 0.6990	<ul style="list-style-type: none"> Mon: - Nil - Tues: RBA Meeting Minutes; RBA Governor Lowe speaks; Wed: Construction work done (1Q) Thu: PMI (May P) Fri: - Nil -
NZDUSD		S: 0.6425; R: 0.6630	<ul style="list-style-type: none"> Mon: Services PMI (Apr); Tue: Credit card spending (Apr); Wed: Retail Sales (1Q); Thu: - Nil - Fri: Trade (Apr)
GBPUSD		S: 1.2660; R: 1.2930	<ul style="list-style-type: none"> Mon: Rightmove House Prices (May); Tue: BoE's Carney, Broadbent, Tenreyro, Saunders speak; Wed: CPI, PPI, RPI, Public Finances (Apr); Thu: - Nil - Fri: Retail Sales (Apr)
USDJPY		S: 109.00; R: 110.80	<ul style="list-style-type: none"> Mon: GDP (1Q); IP (Mar); Tue: - Nil - Wed: Trade (Apr); Thu: PMI Mfg (May P); Fri: CPI (Apr); All Industry Activity Index (Mar)
USDCNH		S: 6.8700; R: 6.9800	<ul style="list-style-type: none"> Mon: - Nil - Tue: - Nil - Wed: - Nil - Thu: - Nil - Fri: - Nil -
USDSGD		S: 1.3660; R: 1.3800	<ul style="list-style-type: none"> Mon: - Nil - Tue: GDP (1Q); Wed: - Nil - Thu: - Nil - Fri: - Nil -
USDMYR		S: 4.1350; R: 4.1670	<ul style="list-style-type: none"> Mon: - Nil - Tue: - Nil - Wed: - Nil - Thu: - Nil - Fri: CPI (Apr); FX Reserves (mid-May)
USDPHP		S: 51.80; R: 52.60	<ul style="list-style-type: none"> Mon: BoP (Apr); Tue: - Nil - Wed: - Nil - Thu: - Nil - Fri: Budget balance (Apr)
USDIDR		S: 14,200; R: 14,480	<ul style="list-style-type: none"> Mon: - Nil - Tue: - Nil - Wed: - Nil - Thu: - Nil - Fri: - Nil -

Sources: Bloomberg, Maybank FX Research & Strategy

Selected G7 FX View

Currency	Stories of the Week
DXY Index	<p>Upside Risk in the Interim as Fears of No Deal Grow. Dollar remains better bid this week with gains more seen vs. trade-linked FX including CNH, KRW, TWD and AUD in the current environment where sentiment is largely driven by trade-related headlines. In particular China state media said that it is meaningless for US officials to come to China and have trade talks if the US does not make any new moves that truly show sincerity. The source is pointing to Trump's recent assault on China by planning to restrict Huawei and ZTE Corp from selling their equipment to US and forbidding Huawei from doing business with American companies. Chinese buyers have also hit back by cancelling their purchases of American pork. Rising fears of no trade deal resulted in risk aversion. Typical safe-haven FX proxies including USD, JPY are better bid vs. risk-on FX proxies. This remains in line with our call last week <i>that caution on further re-escalation of tensions remains warranted for the risk-averse. In that light, USD and JPY could see better support vs. selected Asian FX including CNH, KRW and TWD.</i></p> <p>DXY was last seen at 97.83 levels. Bearish momentum is waning while stochastics is turning higher from near-oversold conditions. Risks remain skewed to the upside in the near term. Immediate resistance at 97.87 (61.8% fibo retracement of 2017 high to 2018 low), 98.3 (2019 high). Support at 97.20 (50 DMA), 96.8 levels (100 DMA).</p> <p><i>Focus next week on CFNAI (Apr); Fed's Harker speaks on Mon; Fed's Powell, Evans, Rosengren speak; Existing home sales (Apr) on Tue; Fed's Bullard, Williams, Bostic speak on Wed; FoMC minutes; PMI (May P); Kansas City Fed Manf (May); Fed's Kaplan, Daly, Bostic, Barkin speak on Thu; Durable Goods (Apr P) on Fri.</i></p>
EUR/USD	<p>Near Term Downward Pressure. EUR drifted lower this week as IP, ZEW survey expectations data disappointed against an environment of US economic data outperformance this week - housing and Philly Fed business surprised to the upside (partially helping to boost USD strength). We reiterate that political uncertainty in the near term could limit EUR gains as EU parliament and Belgium Federal elections draw closer (26 May) while market chatters of snap elections in Italy resurfaced. Deputy Premier Salvini is increasingly vocal and is gaining popularity of late. Some believe that he may take this opportunity to call for a snap election to take over as a Prime Minister.</p> <p>EUR was last seen at 1.1175 levels. Mild bullish momentum on daily chart is waning. Near term risks skewed to the downside. Immediate support at 1.1160 before 1.1120. Resistance at 1.1250 (50 DMA), 1.1310 (100 DMA).</p> <p><i>Focus next week on Current Account (Mar); German PPI (Apr) on Mon; Consumer Confidence (May) on Tue; ECB's Draghi, Praet speak on Wed; PMI (May P); ECB Minutes; German GDP (1Q); German IFO (May) on Thu.</i></p>
GBP/USD	<p>Bearish but Into Oversold Conditions. Domestic political uncertainties continue to weigh on GBP. PM May yesterday met Conservative rank-and-file members whom demanded her to set a date to step down while former Foreign Secretary Boris Johnson confirmed he will run to succeed PM May. Meanwhile cross party talks continue to yield no progress as Labor party demanded "entrenched" concessions. In addition PM May is determined to bring her thrice-defeated Brexit deal back to parliament in early Jun.</p> <p>GBP was last seen at 1.2780 levels. Bearish momentum on daily chart remains intact while stochastics is falling into oversold territories. Immediate support at 1.2770. Break below this could see an extended move lower towards 1.2690 (76.4% fibo retracement of 2018 low to 2019 high), 1.2660 levels. Resistance at 1.2880, 1.2930 (50% fibo).</p> <p><i>Focus next week on Rightmove House Prices (May) on Mon; BoE's Carney, Broadbent, Tenreyro, Saunders speak on Tue; CPI, PPI, RPI, Public Finances (Apr) on Wed; Retail Sales (Apr) on Fri.</i></p>

USD/JPY Rebound Risk but Sell Rallies Preferred. USDJPY was last seen at 109.60 levels. Bearish momentum on daily chart shows signs of waning while stochastics is showing signs of turning from oversold conditions. Near term rebound not ruled out but bias remains to sell rallies. Resistance at 110.50 (100 DMA), 110.80 (21 DMA). Support at 109 levels.

Focus next week on GDP (1Q); IP (Mar) on Mon; Trade (Apr) on Wed; PMI Mfg (May P) on Thu; CPI (Apr); All Industry Activity Index (Mar) on Fri.



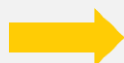


AUD/USD Bears on the Prowl. AUD remains under pressure this week on rising market expectations for RBA rate cuts after AU unemployment data disappointed while fears of no US-China trade deal continue to grow. Tomorrow (18 May), the Aussies head to the polls. Result from the polls continue to suggest that Labour party could take over. That said, there is always a chance of a hung parliament which could happen if no party is able to get a majority (76 out of 151 seats for the House of Reps) and a coalition government would be needed again. Uncertainty on that front as political jostling takes place could weigh further on AUD. Pair was last seen at 0.6880 levels. Bearish momentum on daily chart remains intact while stochastics is in oversold conditions. Risks remain skewed to the downside. Next support at 0.6830 (2016 low) before 0.6741 (2019 flash crash low). Resistance at 0.6960, 0.6990 levels.

Focus next week on RBA Meeting Minutes; RBA Governor Lowe speaks on Tue; Construction work done (1Q) on Wed; PMI (May P) on Thu.

NZD/USD Heading for 2018 Low? NZD remains on the back foot despite uptick seen in mfg PMI. Negative sentiment arising out of fears of no trade deal between US and China is likely the main drag on NZD. PPI fell to 3-year low. Pair was last seen at 0.6530 levels. Bearish momentum on weekly and daily chart remains intact while a death cross was formed as 50DMA looks on track to cut 200DMA to the downside. Weekly close below 0.6550 could see further downside play towards 0.6425 (2018 low) next week. Resistance at 0.6550 (76.4% fibo of 2018 low to Dec high), 0.6610 (21 DMA).

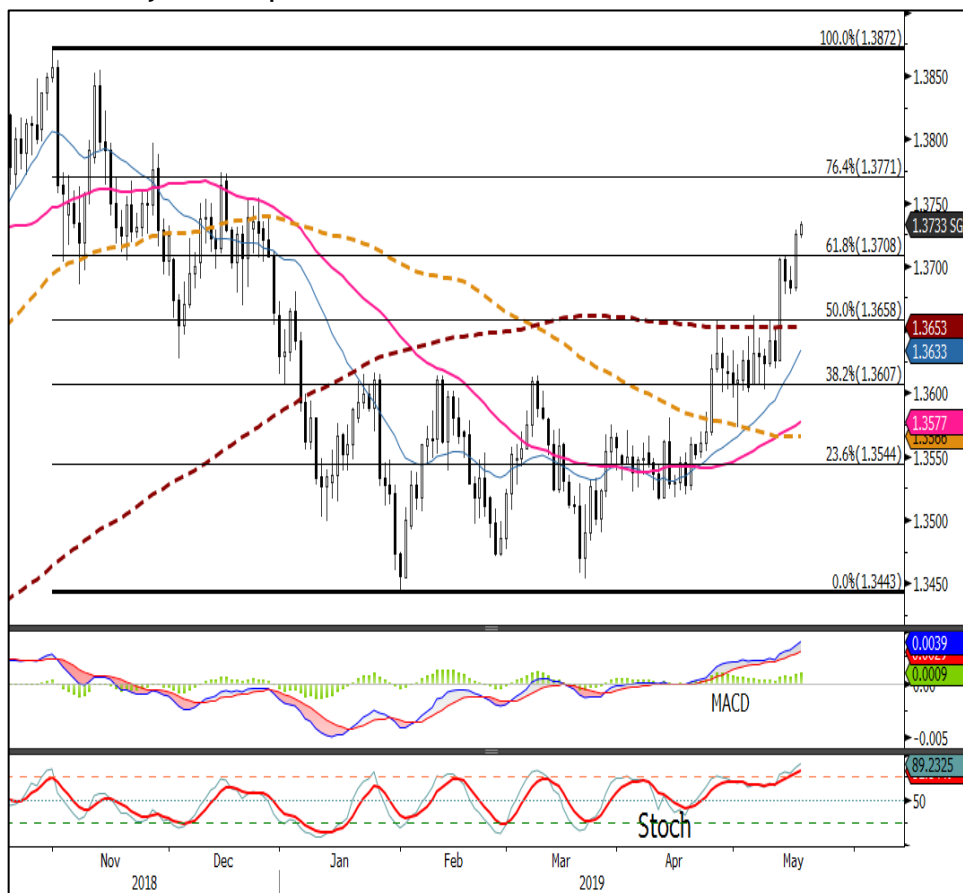
Focus next week on Services PMI (Apr) on Mon; Credit card spending (Apr) on Tue; Retail Sales (1Q) on Wed; Trade (Apr) on Fri.

Technical View: MYR Crosses

MYR Crosses	Direction	Support/Resistance	Stories of the Week
SGD/MYR		S: 3.0280; R: 3.0450	Range with Bias to Lean against strength. The MTD rise in SGD/MYR eased into the week's close as SGD underperformed. Cross was last seen at 3.0360 levels. Bearish momentum on daily chart shows signs of turning mild bearish while stochastics is turning lower from overbought conditions. Further retracement not ruled out. Support at 3.0310 (50 DMA), 3.0280 (100 DMA, 50% fibo retracement). Immediate resistance at 3.0430 (21 DMA), 3.0530 (May highs). Look for 3.0280 - 3.0450 range next week with bias to lean against strength.
AUD/MYR		S: 2.8650 R: 2.9100	Triple Bottom Likely to Limit Declines. AUD/MYR fell amid AUD underperformance. Cross was last seen at 2.8740 levels. Bearish momentum on daily chart remains intact while stochastics is once again falling into near-oversold conditions. Support at 2.8650 (triple bottom) likely to hold. Resistance at 2.91 (21, 50 DMAs) levels.
EUR/MYR		S: 4.6400; R: 4.6900	Consolidate. EUR/MYR reversed early week's gains into losses this week. Last seen at 4.6670 levels. Mild bullish momentum shows signs of waning while stochastics shows signs of turning from near-overbought conditions. Consolidative trade in the range of 4.64 - 4.69 could take place next week. Support at 4.6450 (21, 100 DMAs, 38.2% fibo retracement of Apr low to May high), 4.63 (50% fibo). Resistance at 4.6620 (23.6% fibo), 4.68 and 4.69 (double top).
GBP/MYR		S: 5.3000; R: 5.3800	Downside Risk in the Interim. GBPMYR drifted lower this week. Though we were looking for upward pressure to ease, the move lower exceeded our expectations. Cross was last seen at 5.3360 levels. Daily momentum turned mild bearish while stochastics is falling. Risks skewed to the downside in the interim. Support at 5.32, 5.30. Resistance at 5.3560, 5.38 levels.
JPY/MYR		S: 3.7700 R: 3.8500	Golden Cross. JPYMYR rose and continue to trade near recent highs. Cross was last seen at 3.8050 levels. Bullish momentum on daily chart remains intact but shows signs of waning while stochastics is in overbought conditions. 50 DMA looks on track to cut 200 DMA to the upside. Upside risks remain. Immediate resistance at 3.83 before 3.85 levels. Support at 3.7870, 3.7690 levels.

Technical Chart Picks:

USDSGD Daily Chart - Upward Pressure



USDSGD extended its run higher above 1.37-handle this week, in line with our caution shared in the last FX Weekly. Pair was last seen at 1.3730 levels.

Bullish momentum on daily chart remains intact though stochastics is rising into overbought conditions. 50DMA has cut 100 DMA to the upside while 21 DMA looks on track to cut 200 DMA to the upside. Near term risks remain skewed to the upside. Next resistance at 1.3770 (76.4% fibo retracement of 2018 high to 2019 low) before 1.38 and 1.3850.

Support at 1.3710 (61.8% fibo) and 1.3660 (50% fibo, 200 DMA).

USDMYR Daily Chart - Room to Extend Gains



USDMYR remains better bid this week. Pair was last seen at 4.1745 levels.

Mild bullish momentum on daily chart remains intact while is rising into overbought conditions again. Immediate resistance at 4.1760 (2019 high). Decisive close about this could open room for further upside towards 4.19, 4.2020 levels.

Immediate support at 4.15 before 4.1450 (21 DMA).

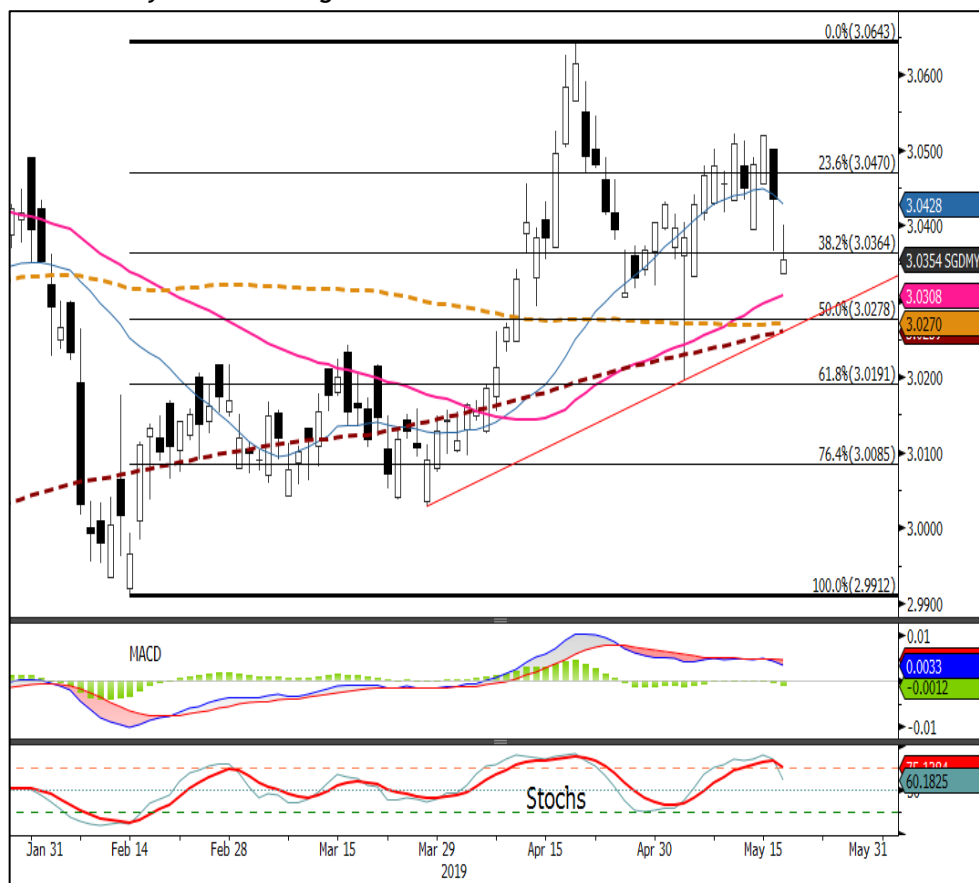
AUDSGD Daily Chart: Falling Wedge in the Works - Bullish Reversal Soon?



AUDSGD continued to drift lower amid AUD underperformance. Cross was last seen at 0.9470. Bearish momentum on daily chart remains intact though stochastics is in oversold conditions. While bearish bias remains, we do not rule out the chance of a mini bullish reversal (Falling wedge pattern appears to be in the works). A short squeeze could see AUDSGD trade towards 0.9555 (21 DMA), 0.9590 (50DMA).

Support at 0.9440. Break below this may open room for larger downside towards 0.9350 levels.

SGDMYR Daily Chart: Looking for Extension of Retracement



MTD rise in SGDMYR eased into the week's close as SGD underperformed. Cross was last seen at 3.0360 levels.

Bearish momentum on daily chart shows signs of turning mild bearish while stochastics is turning lower from overbought conditions. Further retracement not ruled out. Support at 3.0310 (50 DMA), 3.0280 (100 DMA, 50% fibo retracement).

Immediate resistance at 3.0430 (21 DMA), 3.0530 (May highs). Look for 3.0250 - 3.0450 range next week with bias to lean against strength.

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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