

FX Weekly

With Bated Breath

The Week Ahead

- **Dollar Index - Fade.** Support at 96.75; Resistance at 98.20.
- **USD/SGD - Pause.** Support at 1.36; Resistance at 1.3770
- **USD/MYR - Consolidation.** Support at 4.14; Resistance at 4.20
- **AUD/SGD - Bullish.** Support at 0.9240; Resistance at 0.9530
- **SGD/MYR - Pullback Risks.** Support at 3.03; Resistance at 3.07

China's Data Rein in RMB Bulls

It seems to China, the trade war is a separate issue from the Hong Kong bill. Despite warnings of retaliation if US pass the Hong Kong bills in support of Hong Kong protestors, MoFCoM Spokesperson Gao Feng clarified that China is firm on its goal "to stop trade war" and "to begin discussion of phase 2 of deal" as they work on the text for phase 1 of agreement. That still does not sufficiently assure investors of the possibility of a break-down in talks should the US not be able to accede to their request of reducing the value of goods that attract US tariffs to just \$50bn from currently estimated \$360bn. USDCNH stagnated at around the 7.08-handle after the release of the 3Q GDP that came in to be a tad softer than expected at 6.0%/y/y vs. previous 6.2%. To be sure, single-digit expansions in retail sale, urban FAI along with IP underscores the fact that China's growth could remain subdued and another 5bps cut to the 1Y LPR to 4.15% on Mon is likely. However, the jump in IP from 4.4%/y/y to 5.8% underscores a rather strong Sep and signs of stabilization matter after a rather weak month.

Boris' Deal Faces the Parliament

Boris finally got a deal with the EU but his deal will be put to a vote tomorrow. Junker has also commented that he does not see a need for delay as they have gotten a deal. So that could help Johnson to posture his deal as the only deal for Brexit and the alternative as a no-deal Brexit. However, other EU diplomats expressed to keep the doors open. PM needs at least 318 votes. DUP has expressed opposition to this deal that places a sea border between Northern Ireland and the rest of UK. Should Bojo fail tomorrow, there could be a second referendum should the Labour succeed in rallying for one, there could be a plea for extension which Bojo may or may not although he is bound by law to do so. The latter choice of defying the law could revive potential of an early election.

Prelim. PMI-mfg Due, BI and ECB Decide on Policy

Data of interests next week include JN trade on Mon; US Richmond Fed Mfg (Oct), Existing Home Sales (Sep). Wed has RBA Kent on a panel, NZ trade, SG CPI (Sep); Thu has durable goods order and PMI-mfg prelim. prints out of the US, EU, AU, JN. ECB meets then (expect no action) followed by Draghi's speech. BI also meets and quite a number look for a 25bps cut. Fri has GE IFO, ECB Villeroy speaks. Japan is out on Tue, Thailand is out on

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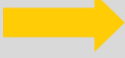



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Our in-house model implies that S\$NEER is trading around 1.56% above the implied midpoint of 1.3874, suggesting that it is on the stronger side vs. other trading partner currencies.

Please see page 3 for a summary of our trade ideas

Currency	Direction	Support/Resistance	Key Data and Events This Week
Dollar Index		S: 96.75; R: 98.20	<ul style="list-style-type: none"> Mon: - Nil - Tue: Richmond Fed Manufact. Index (Oct), Existing Home Sales (Sep); Wed: - Nil - Thu: Durable Goods Orders (Sep P), Markit US Mfg PMI (Oct P); New Home Sales (Sep), Kansas City Fed Mfg (Oct); Fri: Univ. of Mich. Sent (Oct F)
EURUSD		S: 1.0980; R: 1.1220	<ul style="list-style-type: none"> Mon: GE PPI (Sep); Tue: - Nil - Wed: EC Consumer Confidence (Oct A); Thu: Markit Mfg PMI for GE, FR, EC (Oct P); ECB Meeting, Draghi's speech Fri: GfK GE Consumer Confidence (Nov), GE IFO Expectations (Oct), ECB Villeroy speaks;
AUDUSD		S: 0.6770; R: 0.6920	<ul style="list-style-type: none"> Mon: - Nil - Tues: ANZ Weekly Consumer Confidence (Oct-20); Wed: RBA Kent in Sydney Panel, Skilled vacancies (Sep); Thu: CBA Mfg PMI (Oct P); Fri: - Nil -
NZDUSD		S: 0.6250; R: 0.6430	<ul style="list-style-type: none"> Mon: Credit Card Spending (Sep); Tue: - Nil - Wed: Trade (Sep); Thu: - Nil - Fri: - Nil -
GBPUSD		S: 1.2400; R: 1.3100	<ul style="list-style-type: none"> Mon: BOE's Haldane Speaks Tue: Public Finances (Sep); CBI Business Optimism; Wed: - Nil - Thu: UK Finance Loans for Housing (Sep); Fri: S&P Rating for UK Sovereign Debt;
USDJPY		S: 107.50; R: 110.50	<ul style="list-style-type: none"> Mon: Trade data (Sep), all activity index (Aug); Tue: - Onshore Markets Closed - Wed: Nationwide Dept Sales (Sep); Thu: Jibun Mfg PMI (Oct P), supermarket sales (Sep), leading index (Aug F); Fri: Machine tool Orders (Sep F);
USDCNH		S: 6.9980; R: 7.1300	<ul style="list-style-type: none"> Mon: LPR Announcement (Oct); New Home Prices (Sep); Tue: - Nil - Wed: - Nil - Thu: SWIFT Global Payments for CNY, FX Net Settlements - Clients Fri: BBG Oct Economic Survey; Sun: Industrial Profits
USDSGD		S: 1.3600; R: 1.3770	<ul style="list-style-type: none"> Mon: - Nil - Tue: - Nil - Wed: CPI (Sep); Thu: - Nil - Fri: URA private home prices (3Q F); Jobless rate (3Q); Industrial Production (Sep)
USDMYR		S: 4.1400; R: 4.2000	<ul style="list-style-type: none"> Mon: - Nil - Tue: Foreign Reserves (Oct-15); Wed: CPI (Sep); Thu: - Nil - Fri: - Nil -
USDPHP		S: 51.00; R: 52.00	<ul style="list-style-type: none"> Mon: - Nil - Tue: Budget Bal (Sep); Wed: - Nil - Thu: - Nil - Fri: - Nil -
USDIDR		S: 14,000; R: 14,200	<ul style="list-style-type: none"> Mon: - Nil - Tue: - Nil - Wed: - Nil - Thu: Bank Indonesia Policy Meeting Fri: - Nil -

Sources: Bloomberg, Maybank FX Research & Strategy

Tactical FX Trade Ideas - Open

Date	Trade	Entry/[SL]	Objective(s)	P&L	Open/Closed	Remarks
26 Jul	Long IDRSGD	0.9702 [0.9615]	0.9940		Open	RV trade on growth and carry [Link]
3 Jul	Short S\$NEER (vs. long USD, CNH, MYR, IDR, PHP)	+1.7% above implied- mid	To-par		Open	Position for MAS easing [Link]

Tactical FX Trade Ideas - Closed

Date	Trade	Entry/[SL]	Objective(s)	P&L	Open/Closed	Remarks
6 Sep	Short AUDNZD	1.0700 [1.0800]	1.0500	-0.9%	Closed at 1.08 (16 Sep)	Rising Wedge Bearish Reversal [Link]
11 Jan	Short CNYSGD	0.2000 [trailing SL at 0.1970]	0.1900	+1.5%	Trailing SL at 0.1970 hit (14 Aug)	Triple-top bearish setup [Link]
5 Aug	Long AUDNZD	1.0380 [1.0350]	1.0550	-0.28%	Stopped at 1.0350 (6 Aug)	Position for RBA-RBNZ policy divergence [Link]
30 Jul	Short USDJPY	108.90 [109.70]	107	+1.7%	Closed at 107 {2 Aug}	Technical bearish reversal [Link]
26 Jul	Long AUDCAD	0.9146 [0.9050]	0.9350	-1.04%	Stopped at 0.9050 (31 Jul)	Expectations for BoC to cut rate vs. RBA on hold [Link]
8-Mar	Short USDJPY	111.70 [114.50]	108, 105	+1.97%	Closed at 109.50 (14 May)	Narrowing yield differentials and slowing growth concerns [Link]
8 Mar	Long USDKRW (3m call)	1129 spot ref	Strike at 1140; B/E at 1148.2	+3.10%	Closed at 1186 (14 May)	Cheap hedge against equity sell-off [Link]
8 Mar	Long IDRKRW	0.0800 [0.0780]	0.0860	+2.80% (excl. carry returns)	Closed at 0.0826 [14 May]	RV trade on monetary policy space, growth divergence [Link]
16 Nov	Long THB, IDR vs. Short PHP (basket)	99.5 [98.60]	101.34	+1.85% (excl. carry returns)	Closed at 101.34 (4 Jan)	RV trade in monetary policy space to tighten [Link]

Cumulative P/L	+11.6%	
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Selected G7 FX View

Currency	Stories of the Week
DXY Index	<p>Watch the 200-DMA. Our call in the last FX Weekly looking for USD to come off came to fruition for much of this week. This round, it was due to the flurry of optimism generated from a Brexit deal with the EU, proclaimed by EU Juncker that lifted GBPUSD towards 1.30 along with EUR and pressed the DXY index to 97.60 as we write (coinciding with our year-end forecast). A deal is not yet confirmed as Bojo's agreement still needs to survive the parliament's vote tomorrow and this is where May had failed three times before her resignation. Data did not support the greenback in the least and there is more next week including manufacturing indices on Tue, durable goods orders and markit's PMI-mfg prelim. Print for Oct on Thu. Probability of a rate cut at the end of this month is already rather high at 82% but we do not rule out an announcement of QE that could send the USD lower.</p> <p>The DXY index is still 2.6% up from its Jan lows. We stick to our bias for DXY to trade lower on our <i>doubts over sustained USD strength as continued USD appreciation and slowing global growth will result in tighter financial conditions and could crimp US growth momentum. Fed will then need to turn more dovish (USD-negative).</i></p> <p>DXY was last seen at 97.60 levels. Daily momentum is bearish while stochastics is in oversold condition. Immediate support at 97.30 (200 DMA), before 96.75. Resistance at 97.76 (50% Fibonacci retracement of the Jul-Sep rally), 98.21 (38.2%), 98.70 (21 DMA), 99.60 (2019 high) levels.</p> <p><i>Data/Events of focus next week include Richmond Fed Manufact. Index (Oct), Existing Home Sales (Sep) on Tue; Thu has Durable Goods Orders (Sep P), Markit US Mfg PMI (Oct P); New Home Sales (Sep), Kansas City Fed Mfg (Oct); Fri has Univ. of Mich. Sent (Oct F)</i></p>
EUR/USD	<p>Pullback Risks. EUR drifted higher this week, led by the GBP. To some extent, the slightly higher probability of a fiscal stimulus package coming on-stream for Germany also lent the EUR a bit of support. This pair was last seen around 1.1120, testing the 100-dma at 1.1140. The 21-dma has turned but there is still quite a bit of uncertainty going into the weekend with regards to Brexit as PM Johnson still has to get the support from the parliament. Pair was last seen at 1.1120 levels. Bullish momentum on daily chart is on the rise while stochastics has entered overbought condition. We do not want to rule out retracement risk, particularly if Boris' deal does not get through parliament. Support at 1.0980 (21 DMA), 1.0920 levels. Even as we are wary of pullbacks, we stick to our bias to accumulate dips.</p> <p>Eyes on Draghi's swansong on Thu at his last ECB meeting although action-wise, he seems to have done all that he could (even in the face of opposition from fellow governing council members) at the last meeting. Focus is now shifted towards the fiscal. He would probably urge governments in the EU bloc to take advantage of the cheap borrowing environment and crank up the fiscal expenditure. While fiscal may admittedly take more time than monetary, the impact on the EUR is positive.</p> <p><i>Focus next week on GE PPI (Sep) on Mon; Wed has EC Consumer Confidence (Oct A); Thu has Markit Mfg PMI for GE, FR, EC (Oct P); ECB Meeting, Draghi's speech; Fri has GfK GE Consumer Confidence (Nov), GE IFO Expectations (Oct), ECB Villeroy speaks;</i></p>
GBP/USD	<p>A deal, A deal! Will UK Now Move on With this Deal? GBPUSD rallied to just 10 pips away from the big-1.30 before reversing lower to levels around 1.2860 as we write. EU Commission President Juncker proclaimed a deal reached with UK PM Boris Johnson. However, not unlike his predecessor, Bojo's deal will face a vote at parliament on Sat. Northern Ireland's DUP is not in favour of the deal that includes border checks between Britain and Northern Ireland, triggering the reverse in cable. Opposition Labour Party Jeremy Corbyn would rather have a second referendum. In addition, the House of Commons have voted 287 to 275 to also allow amendments to be debated on Sat ahead of the vote on the deal. Expect GBPUSD moves today to be muted or even biased to the downside ahead of the major vote at parliament tomorrow. A rejection by UK lawmakers will be negative for GBP but an approval will cement a brexit on 31st Oct, with a transitional deal. This would reinforce our idea of buy GBP on dips. GBP was last seen at 1.2860. Next resistance at 1.2880 (38.2% fibo retracement of 2018 high to 2019 low), 1.3170 (50% fibo) and 1.3450 (61.8% fibo). Support at 1.2710 (200 DMA), 1.2530 (23.6% fibo) and 1.2410 (100 DMA). Data calendar has retail sales (Sep) on Thu.</p>

Focus next week on BOE's Haldane Speaks on Mon; Tue has Public Finances (Sep); CBI Business Optimism; Thu has UK Finance Loans for Housing (Sep); Fri has S&P Rating for UK Sovereign Debt;

USD/JPY *Eye the 200-dma, neckline of an inverted H&S.* USDJPY was rather elevated for much of this week but was unable to even test the 109-figure at the 200-dma. Now, this pair has been trapped in a tug-of-war between risk-on and USD softness, keeping this pair tucked under 109, last seen around 108.60. Bearish momentum is forming for this pair vs. the MACD with the recent high in price matched by lower peak in the MACD forest. In addition, there is a probable rising wedge forming which typically precedes a bearish retracement. As such, we see a potential for a pullback towards 107.88 and then at 107.50/20. That said, we continue to monitor the inverted head and shoulders formation. Head is formed at the low of 104.46, shoulders at around 106.50 (Jun, Oct) with a neckline coinciding with the 200-dma at 109. Break of this neckline to open the way towards 112, 113. Interim resistance at 109.40, 110.50.

Focus next week on Trade data (Sep), all activity index (Aug) on Mon; Onshore Markets Closed on Tue; Wed has Nationwide Dept Sales (Sep), Thu has Jibun Mfg PMI (Oct P), supermarket sales (Sep), leading index (Aug F), Fri has Machine tool Orders (Sep F);






AUD/USD *Bullish Bias, Overbought.* AUD rallied in the latter part of this week, underpinned by renewed optimism of US-China partial trade deal. Pair was last seen at 0.6830 levels. Daily momentum is increasingly bullish while stochastics have risen into overbought conditions. This pair is close to the upper-bound of the falling trend channel. Interim resistance being tested at 0.6830 (38.2% fibo retracement of Jul high to double-bottom low in Aug-Oct) before 0.6870 (100 DMA) and 0.6920 (61.8% fibo). Support at 0.6770 (23.6% fibo), 0.67 levels. Gains could build on confirmation of US-China partial deal.

Focus next week on ANZ Weekly Consumer Confidence (Oct-20) on Tue; Wed has RBA Kent in Sydney Panel, Skilled vacancies (Sep); Thu has CBA Mfg PMI (Oct P);

NZD/USD *Room for bullish extension.* NZD rose on a combination of greater optimism of a US-China trade deal, an upgrade in 2019-20 dairy price forecast as well as broad USD softness. Pair was last seen at 0.6370 levels. Daily momentum is increasingly bullish although stochastics is in overbought condition. 50-dma at 0.6350 has become a nearby support and there could be room for further upsides towards 0.6430 before 0.6485 (100-dma). Support at 0.63 (21 DMA), 0.6250 levels.

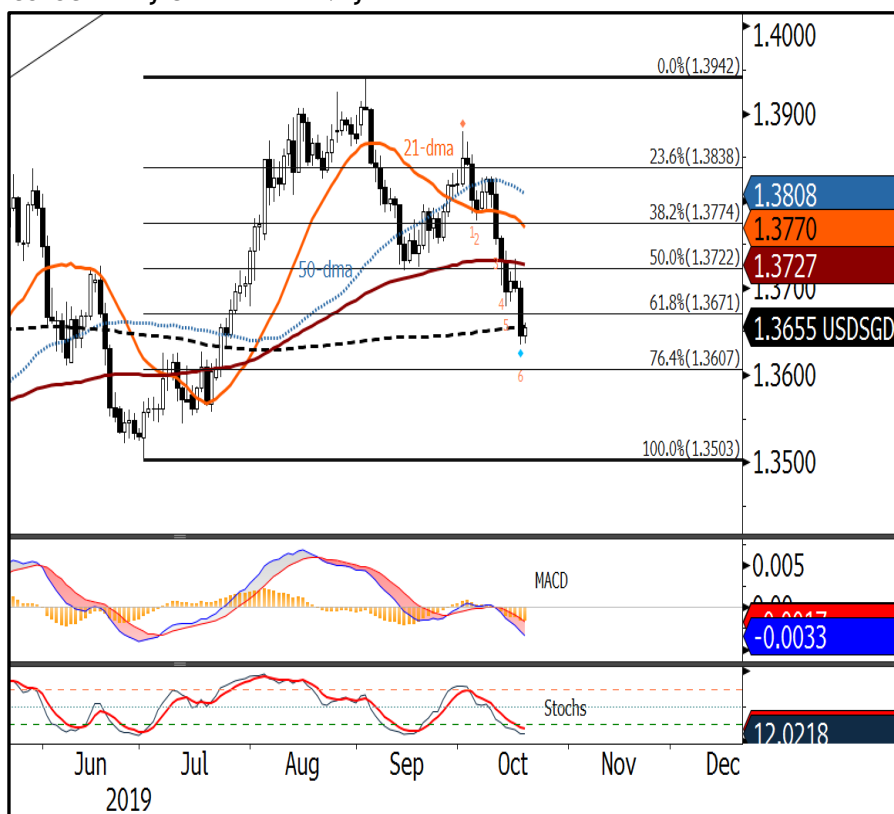
Focus next week on Credit Card Spending (Sep) on Mon; Wed has Trade (Sep).

Technical View: MYR Crosses

MYR Crosses	Direction	Support/Resistance	Stories of the Week
SGD/MYR		S: 3.03; R: 3.07	Bullish Crossovers. SGDMYR is right at the top of the rising trend channel, last seen at 3.0640. We see more room for downsides at this point. Daily momentum is bullish while stochastics show some signs of falling from overbought condition. This cross also spots a double top with the last high in Jun along with a rising wedge which precedes a bearish reversal.
AUD/MYR		S: 2.8200 R: 2.8600	Rebound. AUDMYR was last seen around 2.8610. Daily momentum is increasingly bullish although upsides could be limited by the Sep high of 2.8778. Failure to break that could reinforce the range between 2.8020-2.8780. Support at 2.8488, 2.83. 2.82, 2.80 levels.
EUR/MYR		S: 4.63; R: 4.69	At risk of Retracement. EURMYR was on a strong rally for the much of this week and was last seen around 4.6570. Daily momentum is very bullish though stochastics in overbought region. We see a risk of retracement. Support at 4.64, 4.60 (21 DMA). Resistance at 4.6680 before 4.6915.
GBP/MYR		S: 5.26; R: 5.45	Gains to Slow. GBPMYR hovered around 5.3980, buoyed by the stellar sterling on a Brexit deal. However, gains could still slow given the stochastics in overbought condition and the cross is nearing May high of 5.4540 which has been a strong resistance. Support at around 5.35, 5.28. Resistance at 5.45.
JPY/MYR		S: 3.82; R: 3.92	Bullish Divergence. JPYMYR slipped to a low of 3.8357 and hovered around 3.8540. Stochastics show signs of retracement higher from oversold conditions and there is also a bullish divergence formed with MACD forest. This cross may find support around 3.8250, if not at 3.7850. Resistance at 3.8850 (21-dma), 3.9180 (50 DMA).

Technical Chart Picks:

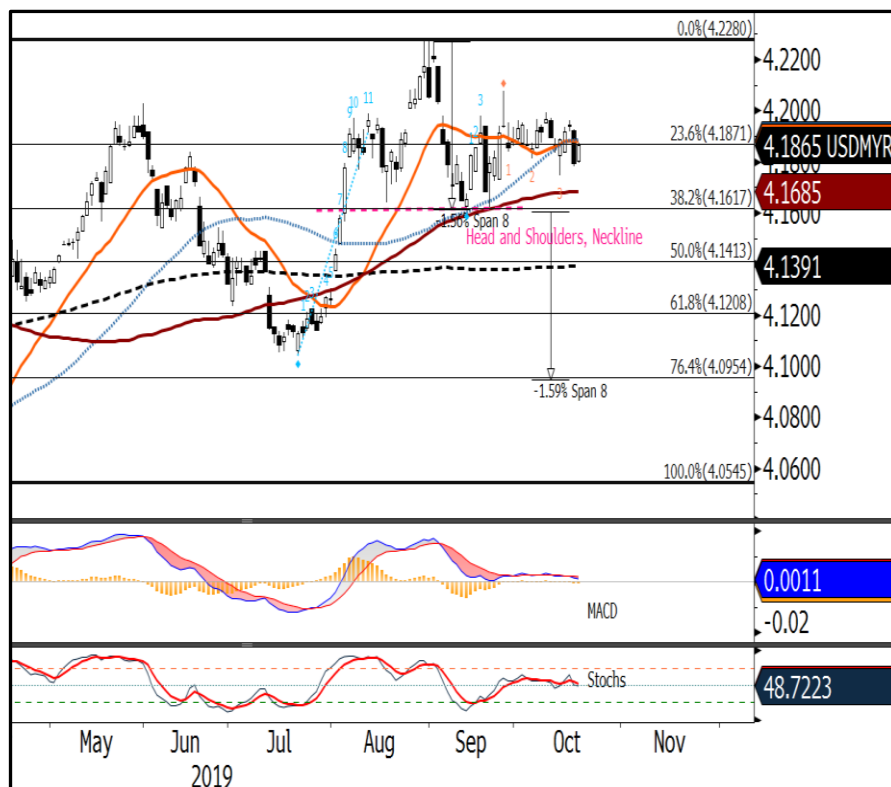
USDUSD Daily Chart - Bears May Take A Breather



USDUSD may find support in the week ahead after a rather precipitous decline in the few weeks. Last seen around 1.3655, this pair is stuck around 200-dma and without strong cues, may remain in tight swivels thereabouts. Next support at 1.3600 (76.4% fibo retracement of 2019 low to high). Resistance at 1.3720 (50% fibo, 100-dma), 1.3770(21 DMA), 1.3820 (50 DMA).

SGDNEER is elevated, even after the mild easing by MAS and was last seen around 1.56% above the mid-point. Moves lower in the USDAsians, in particular USDCNH may bring the USDUSD lower.

USDMYR Daily Chart - Sideways



USDMYR was stuck in sideways trades regardless of where the rest of its regional peers moved. Last seen around 4.1865.

This pair does not seem to have much directional bias at this point and momentum is also muted. We still monitor the formation of the head and shoulders. Neckline at 4.16.

We had earlier shared that a break below the neckline could see H&S - bearish reversal play out towards 4.10.

Resistance at 4.20, 4.22 levels.

AUDSGD Daily Chart: Make a clean Break of the 100-dma First

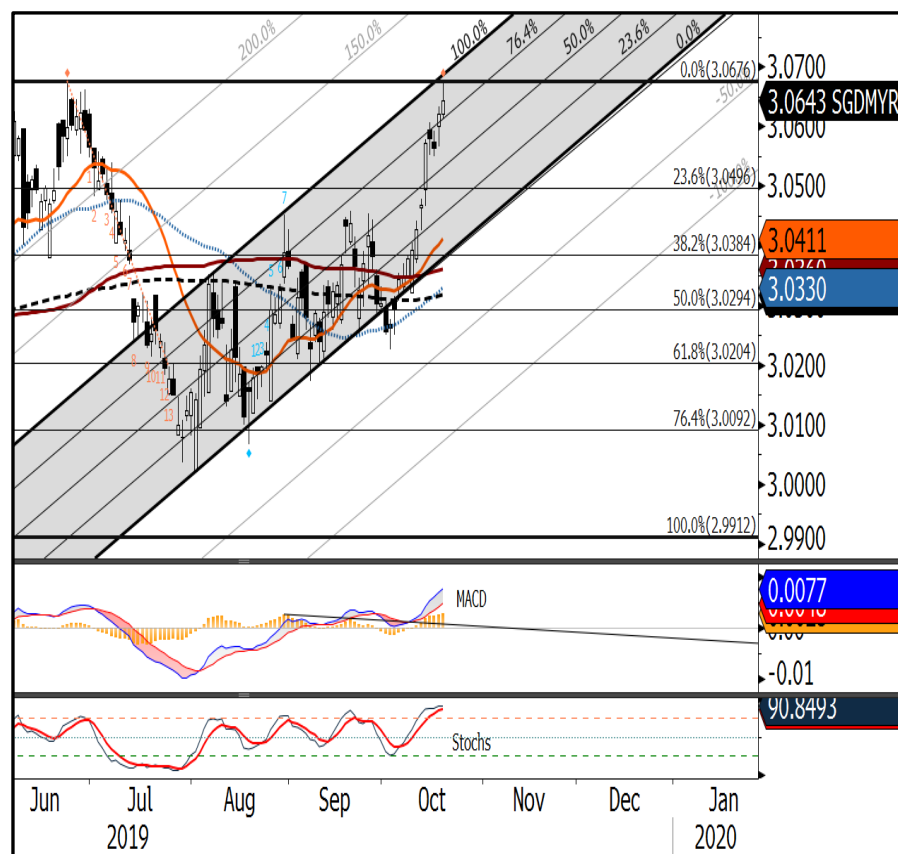


AUDSGD rallied but all the euphoria (that stems from decent labour report out of Australia and potential US-China trade deal) only brought this cross to the top of the 0.9275 - 0.9336 range.

Cross was last seen at 0.9335 levels. Daily chart show that AUDSGD needs to make a clean break of the 100-dma at 0.9420 for the first sign of a bullish reversal as the 100-dma marked there has been guiding the cross lower. Weekly momentum and stochastics indicators are not showing a clear bias. But a potential bullish divergence on weekly MACD could be forming. Nonetheless questions remains on the break-out of the downtrend. Support at 0.9240 (double bottom).

Resistance at 0.9360 (50 DMA), 0.9430 (100 DMA).

SGDMYR Daily Chart: Pullback Risks Now



SGDMYR is right at the top of the rising trend channel, last seen at 3.0640. We see more room for downsides at this point.

Daily momentum is bullish while stochastics show some signs of falling from overbought condition. This cross also spots a double top with the last high in Jun along with a rising wedge which precedes a bearish reversal.

Resistance at 3.0670 levels. Support at 3.05, 3.0380, 3.0420.

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