

## FX Weekly

# Lackluster Start to a Busy Week

### 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 - Retrace.** Support at 4.1100; Resistance at 4.1500
- **AUD/SGD - Buy Dips.** Support at 0.9630; Resistance at 0.9810
- **SGD/MYR - Mixed.** Support at 3.0280; Resistance at 3.0640

### 1Q US GDP and Spain General Election in Focus Late Week

Key focus this week on Sunday's Spanish General Elections. Polls suggest that incumbent Pedro Sanchez's socialist party (PSOE) is leading but is likely to fall short of a parliamentary majority (176 seats required out of 350-seat parliament). PSOE would need the support of more than 1 party to form a coalition government and is likely PSOE could partner Podemos. But that could still leave PSOE with insufficient seats to gather a majority. Build-up of political risk premium (owing to election uncertainty and the risk of Sanchez not able to form a coalition government) could weigh on sentiment and EUR. But EUR could recover next week when political risk premium fades (if GE outcome is much better than feared). Bias remains to sell USD on upticks vs. JPY and SGD; accumulate EUR and AUD on dips.

### Pace of MYR Decline to Moderate and Possibly Recover

MYR has underperformed for Apr (nearly -2% vs. USD) in reaction to news (16 Apr) that FTSE Russell may consider dropping Malaysian debt from FTSE World Government Bond Index by Sep and Norway MoF's proposal to omit EM government and corporate bonds including Malaysia from its government's fixed income benchmark for the Government Pension Fund Global (GPFG) in early-Apr. We expect the pace of the recent up-move in USDMYR to moderate and possibly retrace below 4.12 as the FTSE review is still ongoing and the external environment of green shoots and supported Brent, palm oil prices may mitigate the temporary negativity surrounding the MYR.

### BI, BoJ and BoC MPC Meetings; AU, SG, MY CPIs; US, KR GDPs

Key highlights this week include US Chicago Fed National Activity Index, Existing Home Sales on Mon. For Tue, US Richmond Fed Mfg Index, New Home Sales; EU Consumer Confidence; NZ Credit Card Spending; JN Machine Tool Orders; SG CPI. For Wed, US MBA Mortgage Applications; Germany IFO; AU CPI; Japan All Industry Activity Index, PPI Services; Malaysia CPI on Wed. Thu has US Durable Goods Orders, Initial Jobless Claims; BOJ Outlook Report; KR GDP; BI Meeting. Fri has US GDP, Core PC, U of Mich Sentiment; AU PPI; NZ Trade; JN Jobless Rate, Retail Sales, Industrial Production, Housing Starts; KR Consumer Confidence; SG Industrial Production, Unemployment Rate. We expect BoC (Wed); BoJ and BI (Thu) to keep policy stance status quo at their respective MPC meetings this week.

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Our in-house model implies that S\$NEER is trading 1.2% above the implied midpoint of 1.3723, 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"> <li>• Mon: CFNAI, Existing Homes sales (Mar);</li> <li>• Tue: Richmond Fed Mfg Index (Apr); New home sales (Mar);</li> <li>• Wed: - Nil -</li> <li>• Thu: Durable Goods order (Mar); Kansas City Fed Mfg Activity (Apr);</li> <li>• Fri: GDP (1Q); Uni. Of Michigan Sentiment (Apr)</li> </ul>
EURUSD		S: 1.1190; R: 1.1340	<ul style="list-style-type: none"> <li>• Mon: - Nil -</li> <li>• Tue: Govt debt to GDP (2018); Consumer confidence (Apr)</li> <li>• Wed: German IFO (Apr);</li> <li>• Thu: ECB's Guindos speaks</li> <li>• Fri: - Nil -</li> <li>• Sun: Spain General Elections</li> </ul>
AUDUSD		S: 0.7070; R: 0.7240	<ul style="list-style-type: none"> <li>• Mon: - Nil -</li> <li>• Tues: - Nil -</li> <li>• Wed: CPI (1Q)</li> <li>• Thu: - Nil -</li> <li>• Fri: PPI (1Q); Export, Import prices (1Q)</li> </ul>
NZDUSD		S: 0.6630; R: 0.6760	<ul style="list-style-type: none"> <li>• Mon: - Nil -</li> <li>• Tue: Credit Card spending (Mar);</li> <li>• Wed: - Nil -</li> <li>• Thu: - Nil -</li> <li>• Fri: Trade (Mar); Consumer Confidence (Apr)</li> </ul>
GBPUSD		S: 1.2960; R: 1.3100	<ul style="list-style-type: none"> <li>• Mon: - Nil -</li> <li>• Tue: Parliament Returns from recess; 1922 Committee meeting;</li> <li>• Wed: Public Finances (Mar);</li> <li>• Thu: - Nil -</li> <li>• Fri: CBI Reported Sales (Apr)</li> </ul>
USDJPY		S: 110.80; R: 112.20	<ul style="list-style-type: none"> <li>• Mon: - Nil -</li> <li>• Tue: Machine Tool Orders (Mar);</li> <li>• Wed: PPI Services (Mar);</li> <li>• Thu: BoJ Meeting;</li> <li>• Fri: IP, retail Sales, Jobless rate, Housing starts (Mar)</li> </ul>
USDCNH		S: 6.6700; R: 6.7400	<ul style="list-style-type: none"> <li>• Mon: - Nil -</li> <li>• Tue: - Nil -</li> <li>• Wed: - Nil -</li> <li>• Thu: - Nil -</li> <li>• Fri: - Nil -</li> <li>• Sat: Industrial Profits (Mar)</li> </ul>
USDSGD		S: 1.3440; R: 1.3620	<ul style="list-style-type: none"> <li>• Mon: - Nil -</li> <li>• Tue: CPI (Mar)</li> <li>• Wed: - Nil -</li> <li>• Thu: - Nil -</li> <li>• Fri: Unemployment rate (1Q); Industrial Production (Mar)</li> </ul>
USDMYR		S: 4.1100; R: 4.1500	<ul style="list-style-type: none"> <li>• Mon: FX Reserves (mid-Apr)</li> <li>• Tue: - Nil -</li> <li>• Wed: CPI (Mar)</li> <li>• Thu: - Nil -</li> <li>• Fri: - Nil -</li> </ul>
USDPHP		S: 51.50; R: 52.50	<ul style="list-style-type: none"> <li>• Mon: - Nil -</li> <li>• Tue: - Nil -</li> <li>• Wed: - Nil -</li> <li>• Thu: Budget Balance (Mar)</li> <li>• Fri: - Nil -</li> </ul>
USDIDR		S: 13,900; R: 14,300	<ul style="list-style-type: none"> <li>• Mon: - Nil -</li> <li>• Tue: - Nil -</li> <li>• Wed: - Nil -</li> <li>• Thu: BI Meeting</li> <li>• Fri: - Nil -</li> </ul>

Sources: Bloomberg, Maybank FX Research

## Selected G7 FX View

Currency	Stories of the Week
<b>DXY Index</b>	<p><b>Durable Goods and 1Q GDP.</b> DXY continued to hold on to gains above 97-handle as the week got off to a quiet start amid Easter holidays. Components of the DXY index including EUR, GBP remained under pressure. Hopes of green shoots of recovery in Euro-area were dashed after Euro-area preliminary PMI data, including Germany disappointed; Brexit saw a new bout of uncertainty while US retail sales surprised to the upside. Though US PMI also disappointed, they remain in expansionary territories. Focus for US this week on durable goods report and 1Q GDP in second half of the week. Consensus expects 1Q GDP to hold steady at +2.2% q/q.</p> <p>DXY was last seen at 97.4 levels. Daily momentum turned mild bullish while stochastics is rising. Resistance at 97.50, 97.70 (triple top). Immediate support at 97.1 (21 DMA) before 96.80 (50 DMA). Decisive move below that is required for DXY to trade lower towards 96.6 (100 DMA), 96.1 levels (200 DMA). 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 on rallies to sell into.</p> <p><i>Focus this week on CFNAI, Existing Homes sales (Mar) on Mon; Richmond Fed Mfg Index (Apr); New home sales (Mar) on Tue; Durable Goods order (Mar); Kansas City Fed Mfg Activity (Apr) on Thu; GDP (1Q); Uni. Of Michigan Sentiment (Apr) on Fri.</i></p>
<b>EUR/USD</b>	<p><b>Build-Up in Political Risk Premium May Temporary Weigh on EUR.</b> Decline in the EUR last week came amid setback in green shoots of recovery story. Both services and manufacturing PMIs in Euro-area fell while German, France mfg PMI disappointed and stay within contractionary territories.</p> <p>Key focus this week on Spanish General Elections this Sunday. Polls suggest that incumbent Pedro Sanchez's socialist party (PSOE) is leading but is likely to fall short of a parliamentary majority (176 seats required out of 350-seat parliament). PSOE would need the support of more than 1 party to form a coalition government and is likely PSOE could partner Podemos. But that could still leave PSOE with insufficient seats to gather a majority. Build-up of political risk premium (owing to election uncertainty and the risk of Sanchez not able to form a coalition government) could weigh on sentiment and EUR. But EUR could recover next week when political risk premium fades (if GE outcome is much better than feared).</p> <p>EUR was last seen at 1.1238 levels. Mild bullish momentum on daily chart is waning while stochastics is falling. Near term pullback risks remain on the horizon. Immediate support at 1.1230, 1.1190 levels. Immediate resistance at 1.1250 (21 DMA) before 1.1290 levels (50 DMA) and 1.1340 (100 DMA). Bias remains 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 this week on Govt debt to GDP (2018); Consumer confidence (Apr) on Tue; German IFO (Apr) on Wed; ECB's Guindos speaks on Thu. Spain General Elections on Sunday.</i></p>
<b>GBP/USD</b>	<p><b>Another Challenge on PM May's Leadership?</b> GBP fell late last week in response to Times report that the 1922 Committee will convene on 23<sup>rd</sup> Apr to consider a change from current rules to allow a new confidence vote on PM May. This brought about renewed fears of PM May's leadership and position as PM could be challenged internally again. Current rules prevent PM May from being challenged until Dec-2019. If rules are changed, then GBP could be exposed to further downside.</p> <p>GBP was last seen at 1.2995 levels. Bearish momentum on daily chart remains intact while stochastics is in oversold conditions. Technically risks are mildly skewed to the downside in the interim, with support seen at 1.2990 (200 DMA), 1.2960 (100 DMA). However a golden cross appears to be in the making with 100DMA looking on track to cut 200 DMA to the upside - this is typically a bullish signal. Area of resistance at 1.3080 (21 DMA) - 1.31 (50 DMA). Look for 1.2960 - 1.31 range this week.</p> <p><i>Focus this week on Parliament Returns from recess; 1922 Committee meeting on Tue; Public Finances (Mar) on Wed; CBI Reported Sales (Apr) on Fri.</i></p>

**USD/JPY** **BoJ This Thu.** USDJPY traded a muted range of 111.77 - 112.17 last week in absence of fresh catalyst. Pair was last seen at 111.90 levels. Mild bullish momentum remains intact but shows tentative signs of fading while stochastics is showing signs of turning from overbought conditions. We reiterate that room for upside is likely to be limited towards 112.20. Bias remains to lean against strength looking for a move lower towards 111.50, 110.80 levels. We would review our sell-rally call if 112.50 is breached.

*Focus this week on Machine Tool Orders (Mar) on Tue; PPI Services (Mar) on Wed; BoJ Meeting on Thu (monetary policy likely to remain status quo as its 2% inflation target has yet to be met); IP, retail Sales, Jobless rate, Housing starts (Mar) on Fri.*

**AUD/USD** **CPI to Drive AUD This Week.** Our call (in the last FX Weekly) for AUD to trade higher towards 0.7190 was met last week. AUD traded an intra-week high of 0.7206 (Wed) thanks to better than expected China data, before turning lower. Key focus this week on CPI. Consensus expects a sequential slowdown to 0.2% q/q in 1Q, from +0.5% in 4Q. Upside surprise could lift AUD.






Pair was last seen at 0.7140 levels. Bullish momentum on daily chart shows signs of waning while stochastics is falling. Risks skewed to the downside in the interim. Support at 0.7130 (21. 100 DMAs), 0.7110 (50 DMA) before 0.7070. 21 DMA looks on track to cut 100 DMA to the upside - typically associated with a bullish signal. Resistance at 0.7190 (200 DMA), 0.7240 levels.

*Focus this week on CPI (1Q) on Wed; PPI (1Q); Export, Import prices (1Q) on Fri.*

**NZD/USD** **Bearish.** NZD continues to trade near recent lows after softer than expected NZ CPI last week fuelled an increase in market expectations for RBNZ rate cut on 8<sup>th</sup> May MPC (51% priced in via OIS). With RBNZ Governor Orr favouring an easing bias, it does look like the stars are aligned for RBNZ to cut rates next month. NZD was last seen at 0.6680 levels. Mild bearish momentum on daily chart remains intact while stochastics is in oversold territories. Next support at 0.6660, 0.6630 levels. Immediate resistance at 0.6730 (200 DMA), 0.6760 (21 DMA).

*Focus this week on Credit Card spending (Mar) on Tue; Trade (Mar); Consumer Confidence (Apr) on Fri.*

## Technical View: MYR Crosses

MYR Crosses	Direction	Support/Resistance	Stories of the Week
SGD/MYR		S: 3.0280; R: 3.0640	<b>Conflicting Technical Signals.</b> SGDMYR eased off recent highs; last seen at 3.0500 levels. Bullish momentum on daily chart remains intact but stochastics shows signs of turning lower from overbought conditions. Near term reversal lower is not ruled out. Support at 3.05 (23.6% fibo retracement of 2019 low to high) before 3.0360 (38.2% fibo) and 3.0280 (50% fibo). But double golden crosses, with 21 DMA cutting 100 DMA to the upside and 50 DMA on track to cut 200 DMA to the upside are some bullish signals that should not be ignored. Dips could still be supported. Immediate resistance at 3.0640 (recent high).
AUD/MYR		S: 2.9400 R: 3.0020	<b>Near Term Pullback; Buy Dips.</b> Our call for AUDMYR to head higher towards 2.9640, 2.9750 objectives were met last week. Intra-week high seen at 2.9850 (Wed). Last seen at 2.9540 levels. Bullish momentum on daily chart is showing signs of fading while stochastics is falling from overbought conditions. Near term risks of pullback towards 2.9490, 2.94 levels not ruled out. Bias remains to buy dips for move towards 2.9750 (50% fibo retracement of Dec high to 2019 low) and 3.0010 levels (61.8% fibo).
EUR/MYR		S: 4.6200; R: 4.6900	<b>Bullish Momentum may Pause; Buy Dips.</b> Recent move higher in EURMYR stalled late last week. Cross was last seen at 4.65 levels. Bullish momentum on daily chart shows signs of waning while stochastics showed signs of falling from near-overbought conditions. Retracement risks towards 4.64, 4.62 not ruled out in the interim. Buy dips still preferred. Resistance at 4.6670 (100 DMA), 4.69 levels.
GBP/MYR		S: 5.3200; R: 5.4300	<b>Pullback Risks; Buy Dips Preferred.</b> GBPMYR was last seen at 5.3770 levels. Daily momentum is not indicating a clear bias while stochastics is showing signs of turning from near-overbought conditions. Near term pullback not ruled out but bias to buy dips. Immediate support at 5.3680 (21 DMA), 5.3560 (50 DMA) and 5.32 (100 DMA). Resistance at 5.39, 5.4340 levels
JPY/MYR		S: 3.6700 R: 3.7100	<b>Sideways.</b> JPYMYR was last seen at 3.6950 levels. A potential interim double top at 3.71 levels (also 100 DMA) 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).

## Technical Chart Picks:

USDSGD Weekly Chart - Still Stuck in the 1.3440 - 1.3620 Range

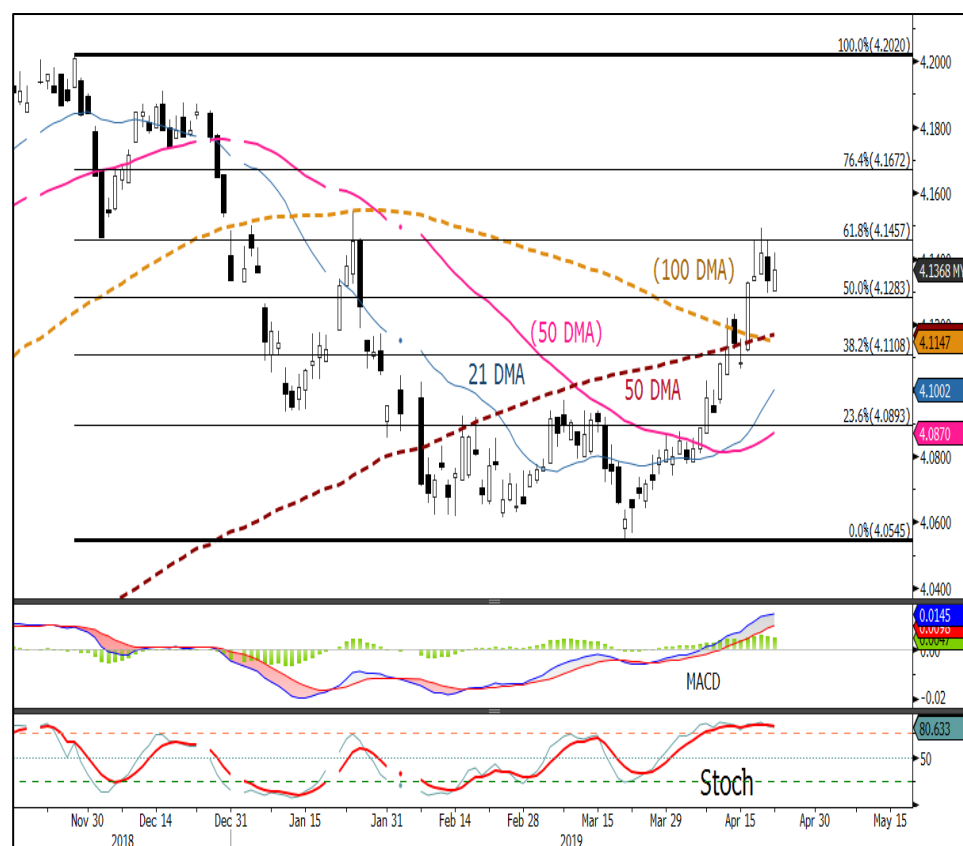


USDSGD was last seen at 1.3560 levels.

Momentum and stochastics indicators are not showing a clear bias in the interim.

We continue to look for the pair to trade in the range of 1.3440 - 1.3620, with bias to sell rallies.

USDMYR Daily Chart - Pace of Recent Rally Should Moderate



USDMYR was last seen at 4.1360. Bullish momentum on daily chart remains intact but shows tentative signs of fading while stochastics is in overbought conditions. Exhaustion from the recent rally could step in. A gravestone doji candlestick formed on 17 Apr could be viewed as a bearish reversal pattern. A death cross - 100 DMA cutting 200 DMA to the downside was also formed - a bearish signal. Resistance at 4.1460 (61.8% fibo retracement of 2018 high to 2019 low) should cap the recent rally. If that does not, the next resistance could be seen at 4.1670 (76.4% fibo).

Support at 4.1280 (50% fibo), 4.11 (38.2% fibo) before 4.0890 (23.6% fibo).



## AUDSGD Daily Chart: Near Term Downside; Buy Dips



Our call for AUDSGD to trade higher hit 2 out of our 3 objectives at 0.97, 0.9750 while 0.9820 remains a distance for now.

Cross was last seen at 0.9690 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 100 DMA to the upside. But we caution that near term retracement risks are not ruled out. Bullish momentum on daily chart is showing signs of waning while stochastics is falling. We do not rule out a pullback towards 0.9650 (21 DMA), 0.9630 (50 DMA). Bias to buy dips. Still looking for a move higher towards 0.9750, 0.9810 (200 DMA).

## SGDMYR Daily Chart: Conflicting Signals Again



SGDMYR eased off recent highs; last seen at 3.0500 levels.

Bullish momentum on daily chart remains intact but stochastics shows signs of turning lower from overbought conditions. Near term reversal lower is not ruled out. Support at 3.05 (23.6% fibo retracement of 2019 low to high) before 3.0360 (38.2% fibo) and 3.0280 (50% fibo). But double golden crosses, with 21 DMA cutting 100 DMA to the upside and 50 DMA on track to cut 200 DMA to the upside are some bullish signals that should not be ignored. Dips could still be supported.

Immediate resistance at 3.0640 (recent high).

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