

FX Weekly

Waiting and Waiting... for Details

The Week Ahead

- **Dollar Index - Interim Top.** Support at 97.4; Resistance at 98.7.
- **USD/SGD - Inverted H&S.** Support at 1.356; Resistance at 1.3700
- **USD/MYR - Range.** Support at 4.14; Resistance at 4.19
- **AUD/SGD - Tough Call.** Support at 0.9200; Resistance at 0.9350
- **SGD/MYR - Consolidate.** Support at 3.0350; Resistance at 3.0650

Lack of Tier-1 Data Puts Greater Emphasis on Trade Talks

USD extended its gains against most AXJs this week amid renewed concerns of delay in US-China phase-1 trade deal. In particular, the immediate focus is on Trump's action to sign the bill into law or veto it - with regards to the HK Human Rights and Democracy bill, which has received overwhelming support from the House and Senate. This comes at a sensitive time when US and China are in the midst of trade negotiations of phase-1 deal. It is likely Trump will sign the bill while China had vowed to retaliate if Trump signs it into law. This could potentially delay or derail phase-1 deal. We caution that trade-linked proxy FX including KRW, SGD and MYR could face depreciation pressure in the interim. A mini inverted head & shoulders pattern on USDSGD suggests that 1.37 could be within reach (if neckline at 1.3630/40 levels gives way). 1m USDKRW NDF could spike towards 1188 if resistance at 1179 is breached. USDMYR may risk a move towards 4.1870. However the USD/AXJ up-move may partially be mitigated if the SCMP report of delay in US tariff on 15th Dec is proven true. Meanwhile we still look for DXY to ease off towards 97.40/50 levels.

BoK to be on Hold at 1.25%

BoK meets on Fri. We expect the central bank to keep policy rate unchanged at 1.25% to allow for earlier rate cut in Oct to work its way into the real economy. Another 25bps rate cut is not ruled out in early-2020 should domestic growth conditions worsen further and negative price pressures prove longer than officials expect. For now inflation has sequentially picked up from negative territories but 2019 growth forecast could be lowered again. A headline GDP below 2% would send negative signals to markets.

SG IP, CPI; Powell Speaks; China PMI; US GDP Next Week

Key data of interests next week include US CFNAI, Dallas Fed mfg; German IFO; Singapore CPI on Mon. For Tue, Fed Chair Powell speaks, Richmond Fed Mfg, consumer confidence; RBA Governor Lowe speaks; NZ retail sales; SG industrial production. For Wed, US 3Q GDP, PCE core, durable goods; RBNZ Governor Orr speaks; China industrial profits. For Thu, German CPI; AU capex; JP retail sales. For Fri, EU CPI estimate; JP industrial production; NZ building permits. China release PMI on 30th Nov. US onshore markets are close on Thu for Thanksgiving holidays.

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Our in-house model implies that S\$NEER is trading around 1.65% above the implied midpoint of 1.3849, suggesting that it is on the stronger side vs. other trading partner currencies.

Please see page 5 for a summary of our open trade ideas

Currency	Direction	Support/Resistance	Key Data and Events This Week
Dollar Index		S: 97.40; R: 98.70	<ul style="list-style-type: none"> • Mon: CFNAI (Oct); Dallas Fed Mfg (Nov); • Tue: Fed's Powell speaks; Richmond Fed Mfg, Conf. Board consumer confidence (Nov); New home sales, Retail Inventories (Oct); • Wed: GDP (3Q); Chicago PMI (Nov); Personal Income, spending, PCE core, pending home sales, durable Goods (Oct); Fed's Beige Book • Thu: - Nil - • Fri: - Nil -
EURUSD		S: 1.0990; R: 1.1180	<ul style="list-style-type: none"> • Mon: ECB's Villeroy, Lane speak; German IFO (Nov); • Tue: ECB's Coeure, Wunsch speak; • Wed: ECB's Lane speaks; • Thu: Consumer confidence (Nov); German CPI (Nov); • Fri: CPI estimate (Nov); Unemployment rate (Oct); ECB's Villeroy speaks;
AUDUSD		S: 0.6680; R: 0.6830	<ul style="list-style-type: none"> • Mon: - Nil - • Tues: RBA's Lowe, Debelle speak;; • Wed: Construction work done (3Q); • Thu: Private capex (3Q); • Fri: ANZ business outlook (Oct); activity outlook (Nov)
NZDUSD		S: 0.6250; R: 0.6570	<ul style="list-style-type: none"> • Mon: - Nil - • Tue: Retail Sales (3Q); • Wed: Trade (Oct); RBNZ Governor Orr speaks; • Thu: ANZ business outlook (Oct); activity outlook (Nov) • Fri: Consumer confidence (Nov); Building permits (Oct)
GBPUSD		S: 1.2710; R: 1.3180	<ul style="list-style-type: none"> • Mon: CBI retailing reported sales (Nov); • Tue: - Nil - • Wed: - Nil - • Thu: - Nil - • Fri: GfK consumer confidence (Nov)
USDJPY		S: 106.90; R: 109.50	<ul style="list-style-type: none"> • Mon: - Nil - • Tue: PPI Services (Oct); • Wed: BoJ's Sakurai speaks; • Thu: Retail Sales (Oct); • Fri: Industrial production (Oct); Consumer confidence (Nov)
USDCNH		S: 6.9400; R: 7.0700	<ul style="list-style-type: none"> • Mon: - Nil - • Tue: - Nil - • Wed: Industrial profits (Oct) • Thu: - Nil - • Fri: - Nil - • Sat: NBS PMIs - mfg and non-mfg (Nov)
USDSGD		S: 1.3550; R: 1.3700	<ul style="list-style-type: none"> • Mon: CPI (Oct); • Tue: Industrial Production (Oct) • Wed: - Nil - • Thu: - Nil - • Fri: Bank Loans & Advances (Oct)
USDMYR		S: 4.1400; R: 4.1900	<ul style="list-style-type: none"> • Mon: - Nil - • Tue: - Nil - • Wed: - Nil - • Thu: - Nil - • Fri: - Nil -
USDPHP		S: 50.30; R: 51.00	<ul style="list-style-type: none"> • Mon: Budget (Oct) • Tue: - Nil - • Wed: - Nil - • Thu: - Nil - • Fri: Bank Lending, Money Supply (Oct)
USDIDR		S: 14,000; R: 14,150	<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 Views

Currency	Stories of the Week
DXY Index	<p>Mixed. USD was a touch firmer against most AXJs this week amid renewed concerns of delay in US-China trade deal. This was sparked off by the US bill that was passed in the Congress targeted at supporting protesters in HK and warning China against a violent suppression of the demonstrations. This comes at a sensitive time when US and China are in the midst of trade negotiations of phase-1 deal. It is likely Trump will sign the bill (about 10 days to decide whether to sign or veto) while China had vowed to retaliate if Trump signs it into law. This could potentially delay or derail phase-1 deal. We caution that USD/AXJ could extend its move higher on this. Trump could however veto the bill but this could affect his re-election campaign especially when the bill has received overwhelming support from both the House of Reps and Senate.</p> <p>Elsewhere there was plenty of trade headlines this week - it was reported that China's chief negotiator Liu He said that he was "cautiously optimistic" about reaching a phase 1 trade deal with US but is confused about US demand; subsequently SCMP ran a report saying that US may delay Dec 15th tariffs if pact is not reached by then (they cited an unidentified person close to the Trump administration). Dow Jones also reported that China invited US negotiators to Beijing for new talks. Earlier in the week, VP Mike Pence said it would be hard for US to sign a deal if protests in HK are met with violence while Commerce Secretary Ross said there is hope in the Trump admin that a trade deal can be done with China and its "hard to prejudge" a deal while it is still a "work in progress".</p> <p>DXY was last seen at 97.9 levels. Bullish momentum on daily chart still intact while stochastics is falling. Key support at 97.70 (23.6% fibo) and 97.4 (200 DMA) needs to be broken for losses to accelerate. Failing which DXY could trade range of 97.70 - 98.40. Resistance at 98.40 (50 DMA, 50% fibo retracement of Sep high to Oct low) and 98.70 (61.8% fibo).</p> <p><i>Data/Events of focus next week include CFNAI (Oct); Dallas Fed Mfg (Nov) on Mon; Fed's Powell speaks; Richmond Fed Mfg, Conf. Board consumer confidence (Nov); New home sales, Retail Inventories (Oct) on Tue; GDP (3Q); Chicago PMI (Nov); Personal Income, spending, PCE core, pending home sales, durable Goods (Oct); Fed's Beige Book on Wed.</i></p>
EUR/USD	<p>Still Looking for Mild Rebound. EUR drifted modestly firmer this week amid slightly better than expected German, French prelim PMIs. Pair was last seen at 1.1070 levels. Bearish momentum shows tentative signs of fading while stochastics is rising. Area of resistance at 1.1090 (100 DMA) - 1.11 (21, 100 DMAs, 23.6% fibo) needs to be decisively broken for further gains to gather pace towards 1.1180 (200 DMA). Immediate support at 1.1040 (50 DMA), 1.0990 levels (61.8% fibo retracement of Sep low to Oct's double-top). We continue to look for a mild rebound but do not expect a strong rise in absence of fresh catalyst.</p> <p><i>Focus next week on ECB's Villeroy, Lane speak; German IFO (Nov) on Mon; ECB's Coeure, Wunsch speak on Tue; ECB's Lane speaks on Wed; Consumer confidence (Nov); German CPI (Nov) on Thu; CPI estimate (Nov); Unemployment rate (Oct); ECB's Villeroy speaks on Fri.</i></p>
GBP/USD	<p>Golden Cross Soon. GBP continued to trade near recent highs on hopes that BoJo/Conservative party can win a majority at the upcoming GE on 12/Dec. There is growing confidence of Conservative party's victory (as indicated by various polls) and signs of unity amongst Conservative MPs (as they pledged to vote for PM BoJo's brexit deal if he is elected). These lower the risks of a hung parliament and help to solidify BoJo's negotiation stance with EU on brexit with his deal. A fast Brexit as promised, come 31st Jan 2020, accompanied with a withdrawal agreement is supportive of GBP gains. We expect 1.30-1.31 to be tested before 1.34. Downside risks to this: (1) if margin of conservative victory is only marginal or worse; (2) if polls are once again proven wrong.</p> <p>Pair was last seen at 1.2910 levels. Bearish momentum is fading while stochastics is rising. Potential formation of golden cross soon - 50DMA to cut 200 DMA in coming days. Rebound not ruled out. Immediate resistance at 1.30-handle. A stretch towards 1.3170 should not be ruled out. Support at 1.2880, 1.2710 (200 DMA). Bias to accumulate on dips.</p> <p><i>Quiet on the data docket next week with CBI retailing reported sales (Nov) on Mon; GfK consumer confidence (Nov) on Fri.</i></p>

USD/JPY *Looking to Sell Rallies.* USDJPY fell this week amid renewed fears of delay in US-China phase-1 trade deal. Pair was last seen at 108.60 levels. Bullish momentum on weekly chart remains intact but shows tentative signs of fading while stochastic shows signs of turning from overbought conditions. A potential rising wedge pattern appears to be forming - typically associated with a bearish reversal - but question remains on the timing of the turn. We look for rallies to fade into. Resistance at 108.80 (21 DMA), 109 (200 DMA) and 109.50 (50% fibo retracement of 2018 high to 2019 low). Support at 108.30 (38.2% fibo), 107.70 (100 DMA) and 106.90 (23.6% fibo).

Focus next week on PPI Services (Oct) on Tue; BoJ's Sakurai speaks on Wed; Retail Sales (Oct) on Thu; Industrial production (Oct); Consumer confidence (Nov) on Fri.






AUD/USD *Soggy.* AUD's early week rebound loses steam into end-week on rising fears of a potential delay in US-China trade deal. Pair was last seen at 0.68 levels. Bearish momentum on daily chart remains intact while stochastics is in oversold conditions. Immediate support at 0.6770. Decisive break below that could see AUD fall towards 0.6680 levels. Meanwhile resistance at 0.6810 (50 DMA), 0.6830 (100 DMA)

Focus next week on RBA's Lowe, Debelle speak; on Tue; Construction work done (3Q) on Wed; Private capex (3Q) on Thu; ANZ business outlook (Oct); activity outlook (Nov) on Fri.

NZD/USD *Watch Out for Orr's Speech.* NZD inched modestly higher this week. Pair was last seen at 0.6420 levels. Daily momentum in mild bullish while stochastics is rising into overbought conditions. Weekly momentum is bullish while stochastics is rising. Bullish divergence on weekly MACD is underway. Broad directional bias remains mildly skewed to the upside. But we do not expect one-way trade higher given many nuances (amid US-China trade uncertainties and RBNZ's open-ness to unconventional monetary policies). Immediate resistance at 0.6450 (100 DMA). That needs to be decisively broken for further gains towards before 0.65 and 0.6570 (200 DMA) to take hold. Look for further upside, technically. Support at 0.6340 (50 DMA), 0.6250 levels. We look for NZD to gradual bottom out. Elsewhere US-China trade negotiations development will continue to drive sentiment and direction.

Focus next week on Retail Sales (3Q) on Tue; Trade (Oct); RBNZ Governor Orr speaks on Wed; ANZ business outlook (Oct); activity outlook (Nov) on Thu; Consumer confidence (Nov); Building permits (Oct) on Fri.

Technical View: MYR Crosses

MYR Crosses	Direction	Support/Resistance	Stories of the Week
SGD/MYR		S: 3.0380; R: 3.0650	Range. SGDMYR inched higher this week amid MYR underperformance. Cross was last seen at 3.06 levels. Daily momentum turned mild bullish while stochastics suggests faltering momentum. Pace of rally could slow. Immediate resistance at 3.0650 before 3.08. Support at 3.0560 (21 DMA), 3.0490 (50 DMA) and 3.0370 (100, 200 DMAs).
AUD/MYR		S: 2.8000 R: 2.8500	Downside Risks. AUDMYR was last seen at 2.8290 levels. Bearish momentum on daily chart remains intact while stochastics has fallen into oversold conditions. 21DMA looks on track to cut 50, 100 DMAs to the downside. Directional bias remains skewed to the downside but cautious of sticky price action as the cross approaches key support and may seem oversold. Support at 2.80. Likely to hold. Resistance at 2.8470 (50 DMA).
EUR/MYR		S: 4.6000; R: 4.6600	Rebound Underway. Our call in the last FX Weekly looking for rebound play came to fruition. EURMYR rebounded; last seen at 4.6130 levels. Daily momentum turned bullish while stochastics is rising. Further rebound possible. Resistance at 4.6230 (100 DMA), 4.6360 (200 DMA) and 4.66 levels. Immediate support at 4.60, 4.57.
GBP/MYR		S: 5.3500; R: 5.4200	Range. GBPMYR extended its rebound this week, consistent with our call for golden cross. Cross was last seen at 5.3840 levels. Bearish momentum on daily chart is fading while stochastics is rising. Immediate resistance at 5.40, 5.45 levels. Support at 5.3470, 5.30 levels. Look for range of 5.35 - 5.42 next week.
JPY/MYR		S: 3.8000; R: 3.8700	Fade Strength. JPYMYR was last seen at 3.8370 levels. Daily momentum is mild bullish while stochastics shows tentative signs of turning. Immediate resistance at 3.8550, 3.87 (100 DMA) and 3.90 levels. Support at 3.8230 (21 DMA) before 3.8080 (200 DMA). Look to lean against strength.

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]

Technical Chart Picks:

USDUSD Daily Chart - Mini Inverted Head & Shoulders?



USDUSD firmed this week amid renewed US-China trade uncertainty.

Pair was last seen at 1.3620 levels. Bullish momentum on daily chart remains intact while stochastics is rising. A mini head & shoulders pattern appears to be forming - typically a bullish reversal with neckline at 1.3630/40 levels. A break above this could see USDUSD trade towards 1.37 levels (H&S objective).

Failing which, the pair could continue to consolidate in 1.3550 - 1.3640 range next week.

Technical levels to watch: support at 1.3610 (21 DMA), 1.3560; resistance at 1.3660 (200 DMA), 1.3690 (50 DMA).

USDMYR Daily Chart - Bias to Lean against Strength



USDMYR traded higher this week amid renewed concerns on development of US-China trade talks.

Pair was last seen at 4.1680 levels. Bullish momentum on daily chart remains intact while stochastics is rising into near overbought conditions. A potential rising wedge could be forming but question remains on when the turn may come. Immediate resistance at 4.1740 (50 DMA) before 4.1865 (23.6% fibo retracement of 2019 low to high).

Support at 4.1580 (21 DMA), 4.1430 (200 DMA).

Bias to lean against strength.

AUDSGD Daily Chart: Still a Tough Call



AUDSGD stays under pressure this week. Last seen at 0.9250 levels - back at Oct-2019 lows (double/triple bottom).

Bearish momentum on daily chart remains intact while stochastics is falling. Immediate support at 0.9230 levels (Oct low). Question remains if this bottom warrants a catch the falling knife trade or will there be an impulsive break below this support? This remains a tough call and we prefer to stay sideline until clearer signs develop as trend (in this case down) is always your friend until it turns.

Immediate support at 0.9230, 0.92 levels. resistance at 0.9330/50 levels (21, 50 DMAs)

SGDMYR Daily Chart: Pace of Rally Could Slow



SGDMYR inched higher this week amid MYR underperformance. Cross was last seen at 3.06 levels. Daily momentum turned mild bullish while stochastics suggests faltering momentum. Pace of rally could slow.

Immediate resistance at 3.0650 before 3.08. Support at 3.0560 (21 DMA), 3.0490 (50 DMA) and 3.0370 (100, 200 DMAs).

Tactical FX Trade Ideas - Closed

Date	Trade	Entry/[SL]	Objective(s)	P&L	Open/Closed	Remarks
25 Sep	Short SGDCNH	5.1620 [5.20]	5.0970, 5.0788	0	Closed at 5.16 (22 Nov)	Elevated SGDCNH, an interim trade deal to see CNH strengthen against SGD. [GM Daily] , [RMB Watch]
25 Sep	Short USDCNH,	7.11 [7.19]	7.00, 6.90	+1.1	Closed at 7.03 (20 Nov)	Head and Shoulders Formation for USDCNH, See Removal of Sep tariffs for an interim trade deal. [GM Daily] , [RMB Watch]
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				+11.8%		

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