

## FX Weekly

# Temporary Support for “Safe Haven” FX Proxies into May

### 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

### USD Strength Not Expected to Last; Gold to Reclaim \$1,300

USD, JPY and CHF continue to hold on to recent gains in anticipation of thin market liquidity (golden week market closure in Japan from 29 Apr to 6 May, and several market closures in the region including HK and SG on Wed) and FoMC meeting as we enter into month of May next week. Sell (risk)-in-May adage may have hit FX and bond markets earlier as better US corporate earnings report in the past week failed to see typical risk-on FX proxies rally. Despite upside surprises in China activity and growth data seen in last week's release, softer than expected German IFO, Korea 1Q GDP, exports and SG, Japan IP data this week casted doubts on green shoots of recovery and dampened sentiment. We do not rule out the possibility that self-made fear could dominate sentiment and subsequent correction in equity markets may further hit FX that are not typically regarded as “safe-haven” proxies. JPY, CHF, USD and gold could be better bid in the next 1 week or so but we do not expect USD strength to last.

### Too Early to Write Off Green Shoots of Recovery

We think it is too soon to say that green shoots are turning brown. Signs of stabilisation are slowly showing up in China and some parts of Europe while policy makers have responded with stimulus measures and easy monetary policies. Potential case of US-China trade deal coming within the next 1 - 2 months and a potential turn-around in semi-conductor down-cycle could support exports, investment recovery and add to the green shoots of recovery rhetoric. And this should support the case to fade USD strength. Near term, 1Q GDP (today at 830pm SG/KL time), Spain General Elections (Sunday but vote count to start on 1 May/end by 4 May with official results expected on 13 May but exit polls expected in between), US FOMC (Thu) and US payrolls (Fri) will drive markets.

### Global PMIs; FoMC; BoE US PCE Core; EU GDP & CPI Next Week

Key highlights next week include US core PCE; EU consumer confidence on Mon. For Tue, US consumer confidence, Chicago PMI; EU 1Q GDP; China PMI. For Wed, US ADP, ISM mfg; NZ labor report; UK PMI. For Thu, US FoMC; BoE Policy meeting and QIR; EU, MY, PH and ID Mfg PMIs. For Fri, US ISM non-mfg, NFP; EU CPI, PPI; SG PMI; MY trade; services PMIs from UK, AU. Fed Chair Powell and ViceChair Clarida are scheduled to speak on Thu and Fri. respectively. Most markets in ASEAN, HK, TW, EU are closed on Wed.

### Analysts












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Our in-house model implies that S\$NEER is trading 1.32% above the implied midpoint of 1.3773, 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>• <b>Mon:</b> PCE Core, Personal income, spending (Mar); Dallas Fed Mfg (Apr);</li> <li>• <b>Tue:</b> Chicago PMI, Conference Board consumer confidence (Apr); Pending Home Sales (Mar);</li> <li>• <b>Wed:</b> ADP Employment (Apr); ISM Mfg (Apr); Construction spending (Mar);</li> <li>• <b>Thu:</b> FOMC Meeting; Fed Chair Powell speaks; Durable Goods (Mar);</li> <li>• <b>Fri:</b> ISM non-Mfg, NFP, unemployment rate, average hourly earnings (Apr); Fed's Evans, Clarida, Williams, Bowman, Bullard, Dally, Kaplan, Mester speak</li> </ul>
EURUSD		S: 1.1190; R: 1.1340	<ul style="list-style-type: none"> <li>• <b>Sun:</b> Spain General Elections</li> <li>• <b>Mon:</b> Consumer Confidence (Apr);</li> <li>• <b>Tue:</b> Unemployment rate (Mar); GDP (!Q);</li> <li>• <b>Wed:</b> ECB's Guindos speaks;</li> <li>• <b>Thu:</b> Mfg PMI (Apr);</li> <li>• <b>Fri:</b> PPI (Mar); CPI (Apr)</li> </ul>
AUDUSD		S: 0.7070; R: 0.7240	<ul style="list-style-type: none"> <li>• <b>Mon:</b> - Nil -</li> <li>• <b>Tues:</b> - Nil -</li> <li>• <b>Wed:</b> Mfg PMI, Commodity index (Apr)</li> <li>• <b>Thu:</b> - Nil -</li> <li>• <b>Fri:</b> Building Approvals (Mar); Services PMI (Apr)</li> </ul>
NZDUSD		S: 0.6630; R: 0.6760	<ul style="list-style-type: none"> <li>• <b>Mon:</b> - Nil -</li> <li>• <b>Tue:</b> Activity Outlook, Business Confidence (Apr);</li> <li>• <b>Wed:</b> Unemployment rate, Average hourly earnings (1Q)</li> <li>• <b>Thu:</b> Building Permits (Mar)</li> <li>• <b>Fri:</b> - Nil -</li> </ul>
GBPUSD		S: 1.2960; R: 1.3100	<ul style="list-style-type: none"> <li>• <b>Mon:</b> BoE's Carney speaks;</li> <li>• <b>Tue:</b> GfK Consumer Confidence (Apr); BoE's Ramsden speaks;</li> <li>• <b>Wed:</b> House Prices, Mfg PMI (Apr);</li> <li>• <b>Thu:</b> Construction PMI (Apr); BoE MPC, QIR; BoE's Carney to speak;</li> <li>• <b>Fri:</b> Services PMI (Apr)</li> </ul>
USDJPY		S: 110.80; R: 112.20	<ul style="list-style-type: none"> <li>• <b>Mon:</b> - Nil -</li> <li>• <b>Tue:</b> - Nil -</li> <li>• <b>Wed:</b> PMI Mfg (Apr);</li> <li>• <b>Thu:</b> - Nil -</li> <li>• <b>Fri:</b> - Nil -</li> </ul>
USDCNH		S: 6.6700; R: 6.7400	<ul style="list-style-type: none"> <li>• <b>Mon:</b> - Nil -</li> <li>• <b>Tue:</b> NBS PMI Mfg and non-Mfg (Apr)</li> <li>• <b>Wed:</b> - Nil -</li> <li>• <b>Thu:</b> Caixin PMI Mfg (Apr)</li> <li>• <b>Fri:</b> - Nil -</li> </ul>
USDSGD		S: 1.3440; R: 1.3620	<ul style="list-style-type: none"> <li>• <b>Mon:</b> - Nil -</li> <li>• <b>Tue:</b> Bank Loans &amp; Advances (Mar)</li> <li>• <b>Wed:</b> - Nil -</li> <li>• <b>Thu:</b> - Nil -</li> <li>• <b>Fri:</b> PMI (Apr)</li> </ul>
USDMYR		S: 4.1100; R: 4.1500	<ul style="list-style-type: none"> <li>• <b>Mon:</b> - Nil -</li> <li>• <b>Tue:</b> - Nil -</li> <li>• <b>Wed:</b> - Nil -</li> <li>• <b>Thu:</b> PMI (Apr);</li> <li>• <b>Fri:</b> Trade (Mar)</li> </ul>
USDPHP		S: 51.50; R: 52.50	<ul style="list-style-type: none"> <li>• <b>Mon:</b> - Nil -</li> <li>• <b>Tue:</b> Bank Lending (Mar);</li> <li>• <b>Wed:</b> - Nil -</li> <li>• <b>Thu:</b> PMI Mfg (Apr)</li> <li>• <b>Fri:</b> - Nil -</li> </ul>
USDIDR		S: 13,900; R: 14,300	<ul style="list-style-type: none"> <li>• <b>Mon:</b> - Nil -</li> <li>• <b>Tue:</b> - Nil -</li> <li>• <b>Wed:</b> - Nil -</li> <li>• <b>Thu:</b> PMI Mfg, CPI (Apr);</li> <li>• <b>Fri:</b> - Nil -</li> </ul>

Sources: Bloomberg, Maybank FX Research

## Selected G7 FX View

Currency	Stories of the Week
<b>DXY Index</b>	<p><b>Temporary Supported but May Not Last.</b> USD continued to hold on to gains in anticipation of thin market liquidity next week (golden week market closure in Japan from 29 Apr to 6 May, and several market closures including EU, HK, SG, MY, ID, TH on Wed). There are plenty of data/event risks coming up next week but before that focus is on US 1Q GDP tonight (830pm SG/KL time). Consensus expects 1Q GDP to hold steady at +2.2% q/q. A sweet spot for USD to trade lower would be a print close to expectations. Too strong a print would mean US growth outperformance and that is supportive of the USD while a much softer than expected print could spook market sentiment and result in flight to safety favoring risk-off proxy FX including USD and JPY.</p> <p>Other focus next week on PCE core (Mon); FoMC (Thu) and payrolls (Fri). FFTR is expected to remain on hold at 2.25 - 2.5% at the upcoming FoMC. We also expect the Fed to reiterate its patience stance and data-dependence approach. Any deviation from its previous communicated stance could see USD move. Sell (risk)-in-May adage may have hit FX and bond markets earlier as better US corporate earnings report in the past week failed to see typical risk-on FX proxies rally. Despite upside surprises in China activity and growth data seen in last week's release, softer than expected German IFO, Korea 1Q GDP, exports and SG, Japan IP data this week casted doubts on green shoots of recovery and dampened sentiment. We do not rule out the possibility that self-made fear could dominate sentiment and subsequent correction in equity markets may further hit FX that are not typically regarded as "safe-haven" proxies. JPY, CHF, USD and gold could be better bid in the next 1 week or so but we do not expect USD strength to last.</p> <p>DXY was last seen at 98.1 levels. Daily momentum is bullish while stochastics is rising into overbought conditions. Next resistance at 98.20, 98.50. Immediate support at 97.70 (previous triple top resistance-turned support) before 97.3 (21 DMA) and 96.90 (50 DMA). We continue to look for opportunities on rallies to sell into.</p> <p><i>Focus next week on PCE Core, Personal income, spending (Mar); Dallas Fed Mfg (Apr) on Mon; Chicago PMI, Conference Board consumer confidence (Apr); Pending Home Sales (Mar) on Tue; ADP Employment (Apr); ISM Mfg (Apr); Construction spending (Mar) on Wed; FOMC Meeting; Fed Chair Powell speaks; Durable Goods (Mar) on Thu; ISM non-Mfg, NFP, unemployment rate, average hourly earnings (Apr); Fed's Evans, Clarida, Williams, Bowman, Bullard, Dally, Kaplan, Mester speak on Fri.</i></p>
<b>EUR/USD</b>	<p><b>Near Term Downside Pressure.</b> Our caution (in the last FX Weekly) for EUR to trade lower in the near term panned out. EUR traded near 2-year low of 1.1118 (Thu). Move lower came amid softer than expected German IFO, EU consumer confidence, and the built-up of political risk premium in Spain and Italy. Pair was last seen at 1.1140 levels. Bearish momentum on daily chart remains intact while stochastics is falling into oversold conditions. Near term pullback risks remain on the horizon. Support at 1.11, 1.1050 levels. Immediate resistance at 1.1190, 1.1240 (21 DMA) and 1.1290 (50 DMA).</p> <p>Key focus 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 and/or Ciudadanos. 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 when political risk premium fades (if GE outcome is much better than feared). Vote count is expected to start on 1 May and end no later than 4 May with official results expected on 13 May. Exit polls is expected possibly in the week starting 5 May.</p> <p><i>Focus next week on Spain General Elections on Sunday; Consumer Confidence (Apr) on Mon; Unemployment rate (Mar); GDP (1Q) on Tue; ECB's Guindos speaks on Wed; Mfg PMI (Apr) on Thu; PPI (Mar); CPI (Apr) on Fri.</i></p>
<b>GBP/USD</b>	<p><b>Cautious.</b> GBP traded lower this week amid Brexit uncertainties relating to impasse at cross-party talks between Labor party and renewed fears of PM May's position being challenged. FT also reported that that PM May will avoid putting her Brexit proposal to another vote before EU parliament elections. GBP was last seen at 1.29 levels. Bearish momentum intact but signs of rebound may be</p>

emerging. A golden cross was formed with 100DMA looking on track to cut 200 DMA to the upside - this is typically a bullish signal. Support at 1.2860 before 1.28. Resistance at 1.2960 (100, 200 DMAs), 1.3030 (21 DMA). We caution that sustained price action below 100, 200 DMAs may not bode well for GBP. Upside play to only gather traction on break above 100, 200 DMAs.

*Focus next week on BoE's Carney speaks on Mon; GfK Consumer Confidence (Apr); BoE's Ramsden speaks on Tue; House Prices, Mfg PMI (Apr) on Wed; Construction PMI (Apr); BoE MPC, QJR; BoE's Carney to speak on Thu; Services PMI (Apr) on Fri.*

**USD/JPY Sell Rallies Preferred.** USDJPY traded lower this week, in line with our bias to lean against strength. Pair was last seen at 111.70 levels. Daily momentum turned bearish while stochastics is falling. We remain bias to lean against strength looking for a move lower towards 111.50, 111.30 levels and reiterate that room for upside is likely to be limited towards 112.20. We would review our sell-rally call if 112.50 is breached.

*Japan markets are closed for Golden week holidays from 29 Apr to 6 May. PMI due for release next Wed.*

**AUD/USD Bullish Reversal?** AUD traded lower this week following the downside surprise to 1Q CPI. The move lower was also consistent with our caution for *risks skewed to the downside in the interim*. But the magnitude of the decline was much larger than expected. Pair traded briefly below 0.70-handle (Thu) before reclaiming 0.70-handle again (at time of writing). Last seen at 0.7030. A dragonfly doji candlestick formed on Thu signalled a possible price reversal pattern to the upside. A move higher towards 0.7050, 0.7080 and 0.71 should not be ruled out. Area of support at 0.6980 - 0.70.






*Focus next week on Mfg PMI, Commodity index (Apr) on Wed; Building Approvals (Mar); Services PMI (Apr) on Fri.*

**NZD/USD Markets Toyed by Orr.** The month-long decline in the NZD finally showed signs of abating. In an interview on Thu, RBNZ Governor Orr said he is "not particularly worried" by the recent slowdown in NZ growth as the country has a strong labor market, strong fiscal position, strong terms of trade and has room to cut rates if required. This is a **setback for markets that have betted on an imminent RBNZ cut in May after RBNZ's last MPS hinted at a cut**. In particular RBNZ made the shift from "direction of our next OCR move could be up or down" to "more likely direction our next OCR move is down". **Unwinding of short NZD-bets could see further up-moves in NZD especially if trade talks between US and China gain further traction.**

Pair was last seen at 0.6650 levels. Bearish momentum on daily chart remains intact but shows signs of waning while stochastics is in oversold territories. Rebound possible. Immediate resistance at 0.6660, 0.6725 (200 DMA). Support at 0.66, 0.6580 levels.

*Focus next week on Activity Outlook, Business Confidence (Apr); on Mon; Unemployment rate, Average hourly earnings (1Q) on Wed; Building Permits (Mar) on Thu.*

## Technical View: MYR Crosses

MYR Crosses	Direction	Support/Resistance	Stories of the Week
SGD/MYR		S: 3.0280; R: 3.0520	<b>Dips May Find Support.</b> SGDMYR traded lower this week, in line with our caution for near term reversal lower. Cross was last seen at 3.0360 levels. Daily momentum turned mild bearish while stochastics is falling. We reiterate that a near term reversal lower is possible. Support at 3.0360 (38.2% fibo retracement of 2019 low to high) 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 likely to find support. Immediate resistance at 3.0470, 3.0520, 3.0640 (recent high).
AUD/MYR		S: 2.8800 R: 2.9300	<b>Bearish but Entering Oversold Conditions.</b> Our call for AUDMYR to trade lower in the near term materialized. Cross was last seen at 2.9020 levels. Daily momentum is bearish but stochastics is falling into near-oversold conditions. Support at 2.88, 2.8650 likely to hold. Resistance at 2.9170, 2.9270 and 2.9490 levels.
EUR/MYR		S: 4.5700; R: 4.6300	<b>Downside Pressure Still Intact.</b> Our call for retracement move lower played out this week. Cross was last seen at 4.6020 levels. Bearish momentum on daily chart remains intact while stochastics is falling. Downside pressure remains intact. Immediate support at 4.5980 before 4.5750. Resistance at 4.6150, 4.6290.
GBP/MYR		S: 5.3100; R: 5.3600	<b>Downside Pressure May Moderate.</b> Our call in the last FX Weekly looking for near term pullback was in play. Cross was last seen at 5.3315 levels. Bearish momentum on daily chart remains intact while stochastics is falling into oversold conditions. Near term downside pressure may moderate. Support at 5.3210, 5.30 levels. Resistance at 5.35, 5.3920. Look for range-bound play between 5.31 - 5.36 next week.
JPY/MYR		S: 3.6800 R: 3.7100	<b>Lean against Strength.</b> JPYMYR traded a week of 2 halves: falling in the first half before unwinding earlier losses to trade higher. Cross was last seen at 3.7010 levels. Mild bullish momentum on daily chart remains intact but rally likely to face strong resistance at 3.71 (100 DMA, double top). Support at 3.70, 3.6820.

## Technical Chart Picks:

USDSGD Daily Chart - Interim Upside Risk; Bias to Fade



USDSGD traded higher this week but rally failed to make much headway above 200 DMA at 1.3652. Pair was last seen at 1.3610 levels.

Daily momentum and stochastics are indicating a bullish bias. Risks skewed to the upside in the interim. Area of resistance at 1.3650 (200 DMA) - 1.3670 (23.6% fibo retracement of 2018 low to high). Break above could usher in further upside play towards 1.37-1.38 levels. Though we acknowledge upside risks, our bias remains to lean against strength. Support at 1.3550, 1.3520 levels.

USDMYR Daily Chart - Range



Our call (in the last FX Weekly) for pace of recent rally to moderate panned out well. Pair was last seen at 4.1305.

Bullish momentum on daily chart is fading while stochastics is showing signs of turning from overbought conditions. Support at 4.1280 (50% fibo) before 4.12, 4.1110 (38.2% fibo) levels.

Resistance at 4.1460 (61.8% fibo retracement of 2018 high to 2019 low).

We look for 4.12 - 4.1460 range next week.



## AUDSGD Daily Chart: Near Term Downside Risk



Our caution (in the last FX Weekly) for near term retracement panned out.

Cross was last seen at 0.9570 levels. Bearish momentum on daily chart remains intact while stochastics is falling. Risks remains skewed to the downside in the interim. Support at 0.9530 levels. Area of resistance at 0.9630 - 0.9660.

## SGDMYR Daily Chart: Downside Risk but Likely to Find Support



SGDMYR traded lower this week, in line with our caution for near term reversal lower. Cross was last seen at 3.0360 levels.

Daily momentum turned mild bearish while stochastics is falling. We reiterate that a near term reversal lower is possible. Support at 3.0360 (38.2% fibo retracement of 2019 low to high) 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 likely to find support.

Immediate resistance at 3.0470, 3.0520, 3.0640 (recent high).

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