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FX Tech Flash

GBP: Near Term Upside Risk

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

Eyes on House of Commons Vote on 27th Feb

The next few days could see GBP vols pick up again as PM May races against time to gather support before the House of Commons vote again on 27th Feb, when MPs will get a chance to determine the future course of brexit by (1) approving the re-negotiated deal – PM May's choice; (2) reject the deal and possibly raising the risk of a brexit without a deal - adds to downside pressure on GBP; (3) vote to instruct the government to seek an extension of Article 50 – basically delay the 29th Mar brexit deadline. The last option if passed could provide a boost for GBP.

PM May's recent defeat on V-day in the House by 303 to 258 votes reignited fears that she is once again losing control of her own party. Increasing political fragmentation amongst lawmakers on what they want out of Brexit and the risk of EU-UK deadlock on the withdrawal agreement are likely to bring back fears of no-deal, hard brexit as 29th Mar brexit deadline looms. This should continue to **swing GBP both ways in wide range of 1.28 - 1.32 but near term technical bias is skewed to the upside**.

GBP was last seen at 1.2920 levels. Bearish momentum on daily chart shows signs of waning while stochastics is showing signs of turning from near-oversold conditions. Rebound could test 1.30 (200 DMA), 1.3040 levels (23.6% fibo retracement of 2018 low to 2019 high). Support at 1.2850 (50% fibo, 50 DMA), 1.2760 (61.8% fibo).

GBPUSD (Daily): 2-Way Trade but Technical Bias Skewed to Upside

Source: Bloomberg, Maybank FX Research & Strategy

GBPMYR (Daily): Rebound Risk Remains

Source: Bloomberg, Maybank FX Research & Strategy

In our last FX Weekly (sent 15 Feb), we shared that GBPMYR could face rebound risks towards 5.25, 5.27. GBPMYR then was 5.2280. The move higher has materialised and the cross was last seen at 5.2760 levels. Bearish momentum on daily chart is waning and stochastics is turning higher from oversold conditions. These signals continue to point to rebound risks. Next resistance at 5.2910 (50 DMA), 5.30. Sustained break above 5.29 - 5.30 could open up room for further upside play towards 5.3420 (200 DMA). Support at 5.21, 5.18 levels.

GBPSGD (Daily): Signs of Rebound in Near Term

Source: Bloomberg, Maybank FX Research & Strategy

GBPSGD was last seen at 1.7530 levels. Bearish momentum on daily chart is waning and stochastics is turning higher from oversold conditions – rebound risks. Immediate resistance at 1.7620 levels (21, 100 DMAs). Decisive break above that exposes further upside play towards 1.7740 (200 DMA). Support at 1.7460 (50 DMA).

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Saktiandi Supaat	Christopher Wong	Fiona Lim	Leslie Tang
Head, FX Research	Senior FX Strategist	Senior FX Strategist	Senior FX Strategist
saktiandi@maybank.com.sg	wongkl@maybank.com.sg	Fionalim@maybank.com.sg	leslietang@maybank.com.sg
(+65) 63201379	(+65) 63201347	(+65) 63201374	(+65) 63201378