

Quek Ser Leang

[Quek.SerLeang@uobgroup.com](mailto:Quek.SerLeang@uobgroup.com)

Lee Sue Ann

[Lee.SueAnn@uobgroup.com](mailto:Lee.SueAnn@uobgroup.com)

Global Economics & Markets Research

Email: [GlobalEcoMktResearch@uobgroup.com](mailto:GlobalEcoMktResearch@uobgroup.com)

URL: [www.uob.com.sg/research](http://www.uob.com.sg/research)

Tuesday, 16 May 2017

# FX Insights

## Chart Of The Day USD/THB: 34.49

Bearish, anticipating a break of 34.42 for a move to 34.25/30.



While we indicated [yesterday](#) that “the current pull-back from last week’s top of 34.82 appears incomplete and there is scope for extension to 34.50”, the rapid acceleration lower that easily took out 34.50 was surprising (low of 34.45 at the time of writing). Rapid improvement in downward momentum suggests that USD has entered a bearish phase and from here, we are anticipating a break below the month-to-date low at 34.42 for a move towards the major support zone at 34.25/30. In order to maintain the momentum, any short-term rebound should not move back above 34.66. On a shorter-term note, 34.60 is already a strong resistance.

## OVERVIEW

The US dollar ended weaker again on Monday (15 May) as benign US price pressures from recent CPI print and recovery in oil prices saw the DXY lose favour to ADXY. The US equity markets rallied following Frankfurt and London stock markets which closed at record levels as investors were buoyed by rallying oil prices, China's vast infrastructure spending plans and upbeat German election news. The US bond market pulled back in light of better risk appetite as investors partly cashed in on last week's strong gains. Monday's macro update on China saw industrial production, retail sales and investments printing under expectations but negative reactions were kept in check by positive pronouncements from the One Belt, One Road summit.

16-May-17 Summary of Views							
FX Pairs	Spot	Outlook	Since/ Rate	Target	Trailing-Stop	Support	Resistance
USD/SGD	1.3975	Neutral	15 May 17 1.4040	-	-	S1: 1.3945 S2: 1.3910	R1: 1.4025 R2: 1.4045
EUR/SGD	1.5340	Neutral	10 May 17 1.5345	-	-	S1: 1.5300 S2: 1.5250	R1: 1.5380 R2: 1.5410
GBP/SGD	1.8025	Neutral	12 May 17 1.8145	-	-	S1: 1.7960 S2: 1.7930	R1: 1.8085 R2: 1.8130
AUD/SGD	1.0375	Neutral	02 May 17 1.0515	-	-	S1: 1.0340 S2: 1.0325	R1: 1.0405 R2: 1.0455
JPY/SGD	1.2285	Neutral	05 May 17 1.2445	-	-	S1: 1.2240 S2: 1.2200	R1: 1.2320 R2: 1.2355
USD/MYR	4.3180	Bearish	26 Apr 17 4.3660	4.2750 4.3420	4.3470 4.3560	S1: 4.3100 S2: 4.2750	R1: 4.3360 R2: 4.3470
USD/THB	34.49	*Bearish	16 May 17 34.49	34.30	34.66	S1: 34.42 S2: 34.30	R1: 34.60 R2: 34.66
USD/CNH	6.8865	Neutral	12 May 17 6.9020	-	-	S1: 6.8800 S2: 6.8680	R1: 6.8960 R2: 6.9020
CNH/SGD	0.2029	*Neutral	16 May 17 0.2029	-	-	S1: 0.2025 S2: 0.2020	R1: 0.2033 R2: 0.2036
EUR/USD	1.0980	Neutral	10 May 17 1.0875	-	-	S1: 1.0950 S2: 1.0920	R1: 1.1025 R2: 1.1050
GBP/USD	1.2890	Neutral	04 May 17 1.2875	-	-	S1: 1.2875 S2: 1.2830	R1: 1.2950 R2: 1.3000
AUD/USD	0.7420	Neutral	15 May 17 0.7390	-	-	S1: 0.7400 S2: 0.7370	R1: 0.7445 R2: 0.7485
NZD/USD	0.6890	*Neutral	16 May 17 0.6890	-	-	S1: 0.6870 S2: 0.6850	R1: 0.6915 R2: 0.6950
USD/JPY	113.65	Neutral	15 May 17 113.25	-	-	S1: 112.90 S2: 112.50	R1: 113.95 R2: 114.20

\* Shift in outlook.

FX Pairs	Ranges for 15-May-17				Performance*			
	Open	High	Low	Close	1-day	1-week	1-month	YTD**
USD/SGD	1.4039	1.4045	1.3974	1.3981	-0.44%	-0.56%	+0.03%	-3.65%
EUR/SGD	1.5341	1.5371	1.5309	1.5335	-0.04%	-0.11%	+3.09%	+1.16%
GBP/SGD	1.8097	1.8131	1.7997	1.8018	-0.43%	-0.92%	+2.61%	+1.24%
AUD/SGD	1.0371	1.0414	1.0349	1.0358	-0.09%	-0.23%	-2.31%	-0.44%
JPY/SGD	1.2401	1.2413	1.2273	1.2280	-0.83%	-1.03%	-4.31%	-0.38%
USD/MYR	4.3440	4.3440	4.3250	4.3250	-0.43%	-0.23%	-1.77%	-3.55%
USD/THB	34.64	34.68	34.49	34.54	-0.31%	-0.28%	+0.75%	-3.51%
USD/CNH	6.8997	6.9020	6.8863	6.8919	-0.07%	-0.23%	+0.18%	-1.18%
EUR/USD	1.0924	1.0989	1.0920	1.0973	+0.41%	+0.46%	+3.12%	+4.99%
GBP/USD	1.2884	1.2940	1.2881	1.2898	+0.09%	-0.30%	+2.65%	+5.05%
AUD/USD	0.7395	0.7446	0.7386	0.7415	+0.40%	+0.37%	-2.29%	+3.25%
NZD/USD	0.6854	0.6916	0.6853	0.6881	+0.54%	-0.40%	-1.85%	-0.60%
USD/JPY	113.18	113.85	113.09	113.77	+0.38%	+0.46%	+4.48%	-3.27%

\* Percentage difference between the closing price and the last price 1-period ago.

\*\* Percentage difference between the closing price and the last price on 31-Dec-16.

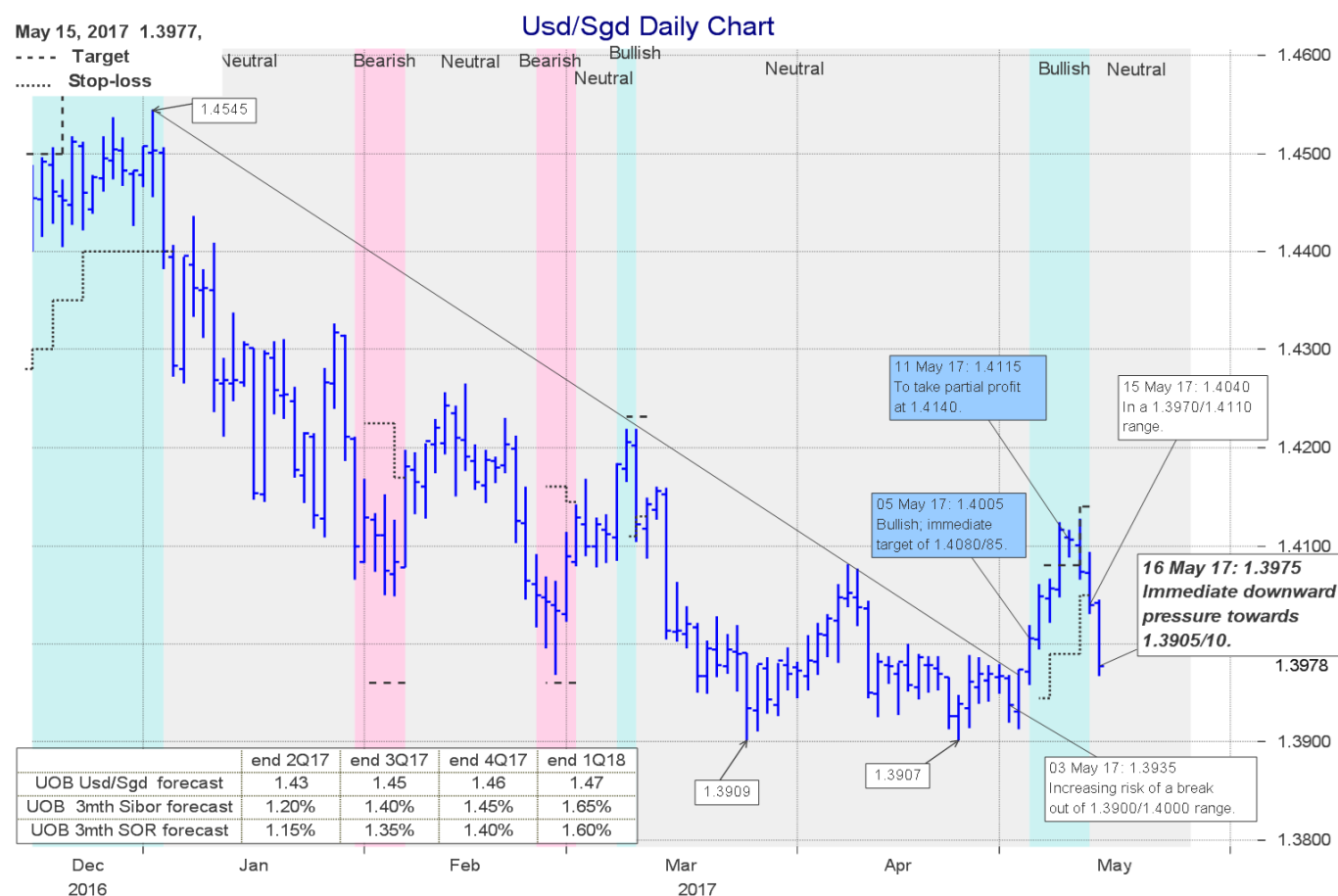
## USD/SGD: 1.3975

### 24-HOUR VIEW:

We underestimated the weakness in USD as the target indicated at 1.4015/20 was easily exceeded with an overnight low of 1.3974. The continuing weakness came as a surprise and with no signs of stabilization yet, further decline seems likely. That said, oversold conditions suggest a slower pace of down-move and the next strong level at 1.3945 is expected to offer solid support (next support is at the month-to-date low near 1.3920). Resistance is at 1.4000 but only a move back above 1.4025 would indicate that the current weakness has stabilized.

### 1-3 WEEKS VIEW:

*Neutral: Immediate downward pressure towards 1.3905/10.*  
We shifted from a bullish to a neutral USD stance yesterday (see [Chart of the Day](#) update) and were of the view that USD is consolidating in a 1.3970/1.4110 range. While the bottom of the range at 1.3970 is still in place, the rapid pace of the decline over the past few days came as a surprise. Downward momentum has picked up quickly and instead of trading sideways as expected previously, USD is under immediate downward pressure and this could lead to a move lower towards the major support at 1.3905/10 (lows seen in March and April). Overall, USD is expected to stay under pressure in the coming days unless it can move and stay above 1.4045.



## EUR/SGD: 1.5340

### 24-HOUR VIEW:

In line with expectation, EUR extended its up-move but failed to break above the major 1.5380 resistance (high of 1.5371). Upward pressure has eased with the sharp pull-back from the high and this pair is expected to consolidate for today, likely within a 1.5300/1.5360 range.

### 1-3 WEEKS VIEW:

*Neutral: In a 1.5250/1.5380 range.*

EUR touched a high of 1.5371 yesterday before easing off quickly. The price action lacks direction and we continue to hold the view that this pair is still trading in a 1.5250/1.5380 consolidation range.

## GBP/SGD: 1.8025

### 24-HOUR VIEW:

1.8025: The target indicated at 1.8040 was exceeded by a wide margin as GBP plummeted to a low of 1.7997. While the decline appears to be running ahead of itself, another push lower towards 1.7960 seems likely before a more sustained recovery can be expected. Resistance is at 1.8085 followed by 1.8130.

### 1-3 WEEKS VIEW:

*Neutral: Immediate downward pressure towards 1.7930.*

The ease of which GBP moved below the previously expected 1.8040/1.8260 consolidation range was a surprise (overnight low of 1.7997). While the outlook is still viewed as neutral, the immediate pressure is on the downside and this could lead to further weakness towards the 1.7930 low seen earlier this month. Only a move back above 1.8130 would indicate that the current decline has stabilized.

## AUD/SGD: 1.0375

### 24-HOUR VIEW:

AUD traded in a range of 1.0349/1.0414, close to our expected consolidation range of 1.0350/1.0410. The whippy price action suggests further range trading albeit likely at a slightly lower range of 1.0340/1.0405.

### 1-3 WEEKS VIEW:

*Neutral: AUD trying to form a short-term base.*

[No change in view, see update from yesterday below]

AUD has been trading mostly sideways, holding within a 1.0325/1.0435 range for more than a week. We continue to view the price action as part of a basing phase but only a clear break above 1.0455 would indicate the start of a sustained recovery. In the meanwhile, further sideways-trading within the range mentioned above seems likely.

## JPY/SGD: 1.2285

### 24-HOUR VIEW:

Against our expectation, JPY dropped sharply and broke several strong supports along the way. The decline appears incomplete and further weakness towards 1.2240 seems likely. Only a move back above 1.2320 would indicate that a temporary low is in place.

### 1-3 WEEKS VIEW:

*Neutral: Bearish if daily closing below 1.2270.*

While we were of the view that "the immediate pressure is on the downside towards the major 1.2300 support", the ease of which the major support was taken out was expected (overnight low of 1.2273). Downward momentum has improved considerably and from here, a NY closing below 1.2270 would indicate that JPY has moved into a bearish phase (with an immediate target of 1.2140). This appears to be likely scenario unless JPY can reclaim 1.2355 within these 1 to 2 days.

**USD/MYR: 4.3180****1-3 WEEKS VIEW:**

*Bearish: Below 4.3100 shift focus to 4.2750.*

The bearish phase in USD that started about 3 weeks ago (see [Chart of the Day](#) update on 26 Apr, spot at 4.3630) is stirring to life again. While the month-to-date low near 4.3100 is expected to offer solid support, a break of this level could lead to a rapid drop towards the next major support at 4.2750. Overall, we will maintain our bearish view until the stop-loss at 4.3470 is taken out (adjusted lower from 4.3560).

**USD/THB: 34.49****1-3 WEEKS VIEW:**

*Shift from neutral to bearish: Anticipating a break of 34.42 for a move to 34.25/30.*

[See Chart of the Day on page 1]

**USD/CNH: 6.8865****1-3 WEEKS VIEW:**

*Neutral: Immediate downward pressure towards 6.8800.*

The pace of the pull-back continues to surprise as we approach the strong support at 6.8850. The immediate pressure is clearly on the downside and from here, further weakness to 6.8800 seems likely. A daily closing below this level would suggest that USD is ready for move towards last month's low near 6.8680. All in, the downward pressure is expected to grow unless USD can reclaim 6.9020 within these 1 to 2 days.

**CNH/SGD: 0.2029****1-3 WEEKS VIEW:**

*Shift from bullish to neutral: Pull-back has room to extend lower to 0.2020.*

The break of 0.2031 yesterday indicates that the bearish phase started on [05 May](#) (spot at 0.2031) has ended. The current movement is viewed as a corrective pull-back which has room to extend lower toward 0.2020. Overall, this pair is expected to stay under pressure unless it can move and stay above 0.2036.

## EUR/USD: 1.0985

### 24-HOUR VIEW:

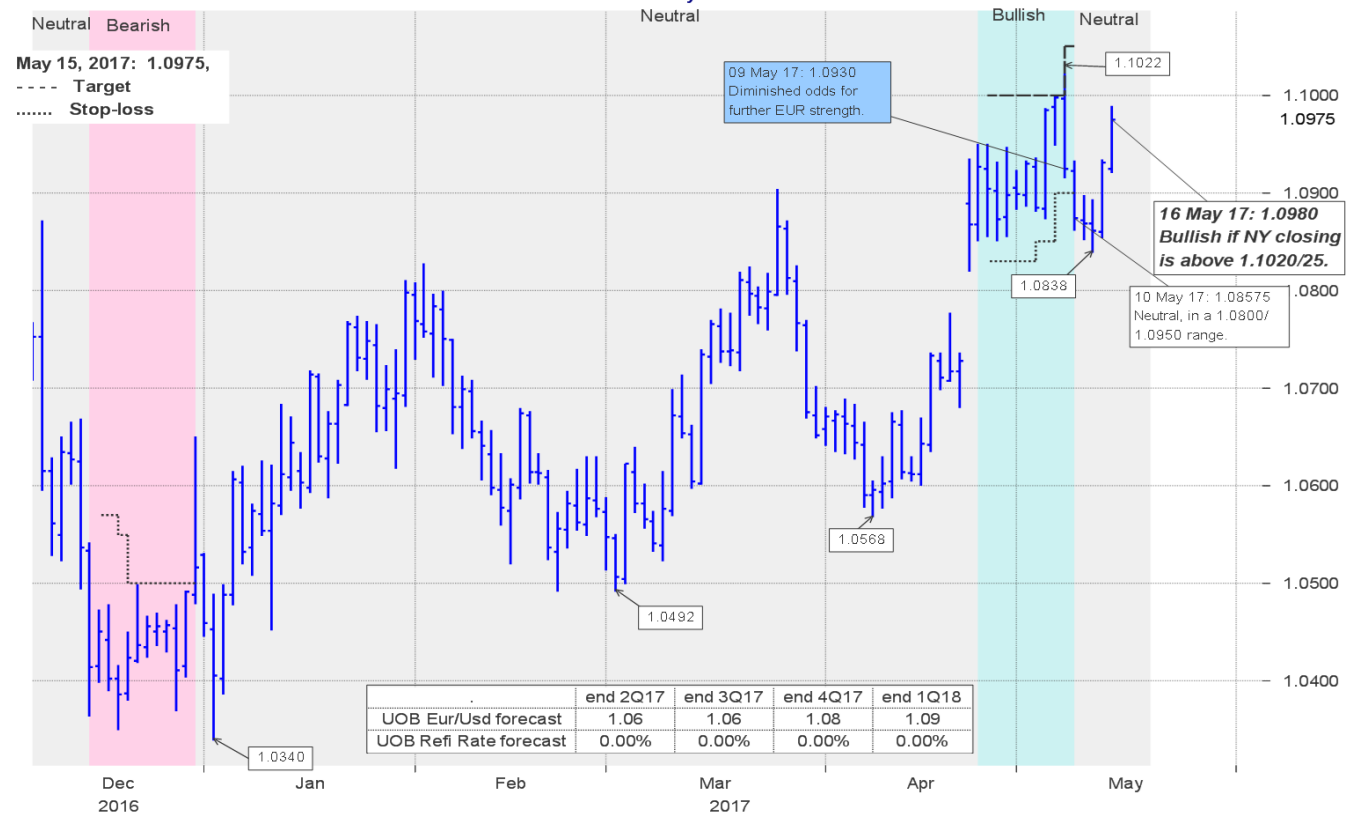
While the support at 1.0890 held as expected (low of 1.0920), the ease of which the resistances at 1.0955 and 1.0980 were taken out were unexpected (high has been 1.0989). Improved upward momentum coupled with the solid daily closing suggests further upward pressure towards last week's peak near 1.1022. An intraday move above this level is not ruled but the next resistance near 1.1050 is unlikely to come under threat. On the downside, support is at 1.0950 followed by the 1.0920 low.

### 1-3 WEEKS VIEW:

*Neutral: Bullish again if NY closing above 1.1020/25.*

The rebound from last Friday's 1.0838 low has been more resilient than expected. The rather strong resistances at 1.0950 and 1.0980 were taken out without much difficulty and now EUR is facing the 1.1022 high seen last Monday (08 May). A NY closing above this level would indicate that EUR has moved into a bullish phase again with an immediate target of 1.1100. This scenario would not be surprising as long as EUR can hold above 1.0920 within these 1 to 2 days.

Eur/Usd Daily Chart



## GBP/USD: 1.2900

### 24-HOUR VIEW:

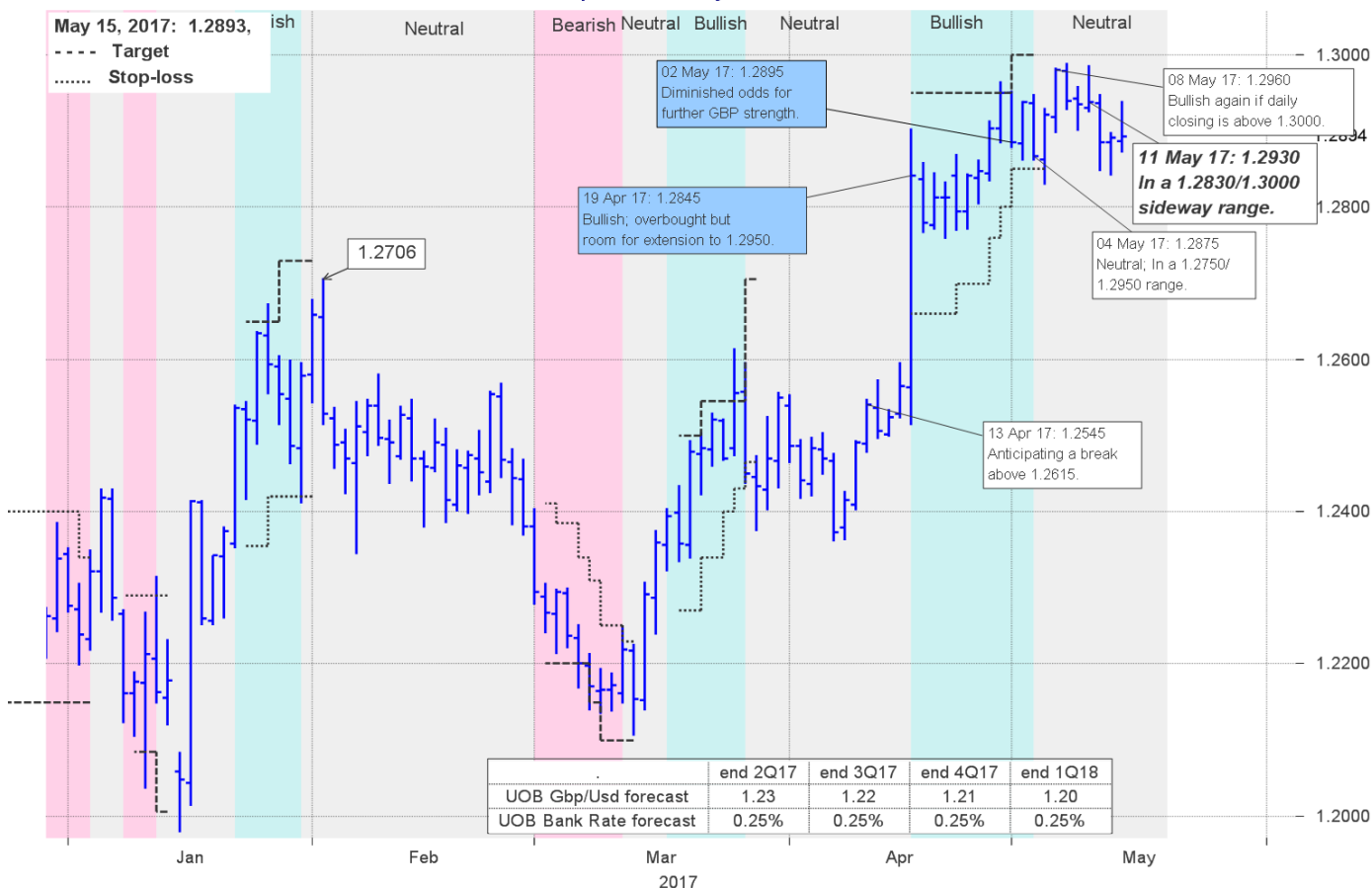
We indicated yesterday that “a temporary bottom is in place even though any extension higher is likely limited to 1.2930”. GBP briefly touched a high of 1.2940 before easing off quickly. Upward momentum has fizzled out and the current movement is viewed as part of a consolidation phase. In other words, expect sideways trading for today, likely between 1.2875 and 1.2950.

### 1-3 WEEKS VIEW:

*Neutral: In a 1.2830/1.3000 range.*

There is not much to add as GBP traded in a relatively narrow range of 1.2881/1.2940 yesterday. We continue to hold a neutral stance and expect GBP to trade in a 1.2830/1.3000 consolidation range.

Gbp/Usd Daily Chart



Source: Thomson Reuters Datastream/UOB Global Economics & Market Research



## AUD/USD: 0.7420

### 24-HOUR VIEW:

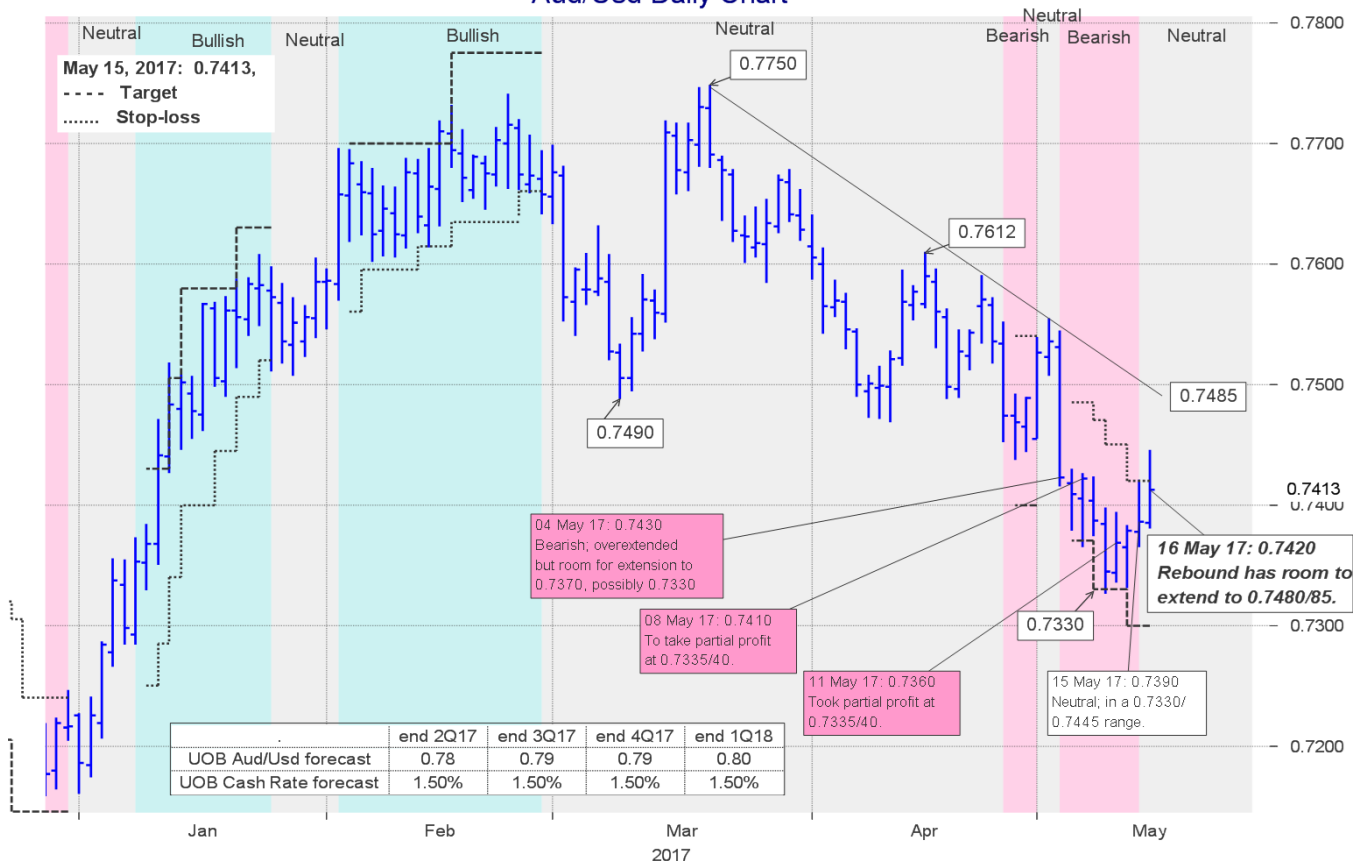
Against our expectation, AUD rallied above the strong 0.7420 resistance to hit a high of 0.7446 even though the up-move was short-lived. Despite the rapid pull-back from the high, the undertone is still positive and a retest of the major resistance at 0.7445/50 seems likely. Support is at 0.7400 followed by 0.7380 is likely strong enough to hold for today.

### 1-3 WEEKS VIEW:

*Neutral: Rebound has room to extend to 0.7480/85.*

We shifted from a bearish to neutral stance on AUD yesterday and there is no change to the view. The overnight high of 0.7446 was just above the expected 0.7330/0.7445 consolidation range. That said, upward momentum has improved considerably with the positive daily closing and from here, the current rebound has room to extend higher towards the key 0.7480/85 resistance (declining trend-line, see chart below). A clear break above this level would indicate that AUD has moved into a bullish phase. The odds for a shift to a bullish phase are not high now but would continue to improve as long as AUD can hold above 0.7370 in the next several days.

Aud/Usd Daily Chart



Source: Thomson Reuters Datastream/UOB Global Economics & Market Research

## NZD/USD: 0.6865

Latest Flash Note: 11 May 17

RBNZ Keeps A Steady Hand <https://goo.gl/BReCQd>

### 24-HOUR VIEW:

NZD surged to a high of 0.6916 before easing off quickly. Despite the rapid pull-back from the high, a retest of 0.6915/20 seems likely from here even though a sustained move above this level is not expected. Support is at 0.6870 followed by the low near 0.6850.

### 1-3 WEEKS VIEW:

*Shift from bearish to neutral: In a 0.6850/0.6950 range.*

The break of 0.6890 indicates that the recent bearish phase has ended. NZD is likely in a 0.6850/0.6950 consolidation range even though the immediate bias is for this pair to probe higher towards the top of the expected range.

Nzd/Usd Daily Chart



Source: Thomson Reuters Datastream/UOB Global Economics & Market Research

## USD/JPY: 113.65

### 24-HOUR VIEW:

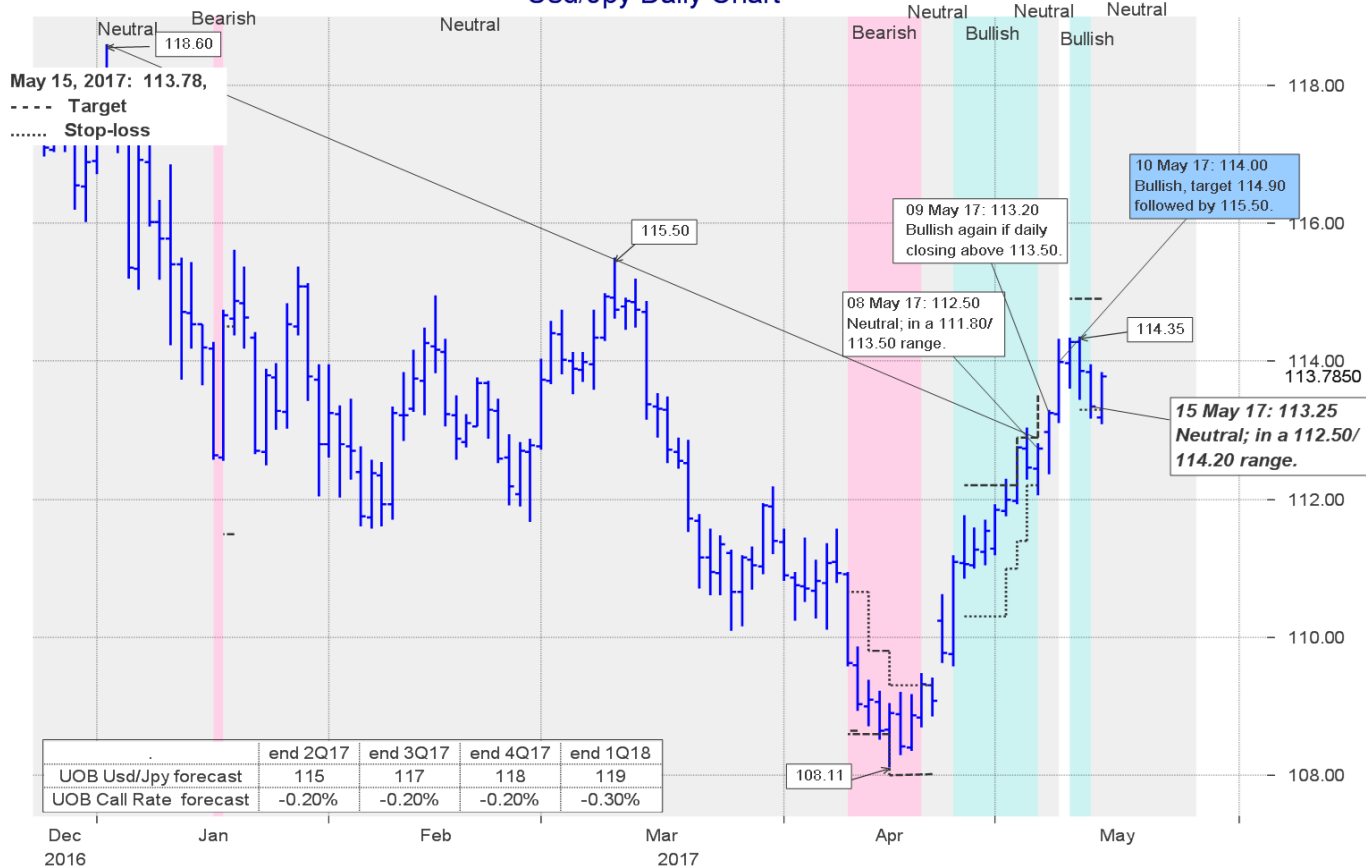
USD rebounded strongly to hit a high of 113.85, below the strong 113.95/00 resistance. While upward momentum is not strong, another push higher towards 113.95/00 seems likely but at this stage, a sustained move above this level is not expected. Support is at 113.35 ahead of the stronger level closer to 112.90.

### 1-3 WEEKS VIEW:

*Neutral: In 112.50/114.20 range.*

We shifted to a neutral stance on USD yesterday and there is no change to the view. The current movement is viewed as part of a consolidation phase and USD is expected to trade sideways between 112.50 and 114.20 for now.

Usd/Jpy Daily Chart



Source: Thomson Reuters Datastream/UOB Global Economics & Market Research

## UOB FX & Interest Rate Outlook

FX Outlook	2Q17	3Q17	4Q17	1Q18	Rates Outlook	2Q17	3Q17	4Q17	1Q18
EUR/USD	1.06	1.06	1.08	1.09	EU	0.00%	0.00%	0.00%	0.00%
GBP/USD	1.23	1.22	1.21	1.20	UK	0.25%	0.25%	0.25%	0.25%
AUD/USD	0.78	0.79	0.79	0.80	AU	1.50%	1.50%	1.50%	1.50%
NZD/USD	0.70	0.71	0.71	0.72	NZ	1.75%	1.75%	1.75%	1.75%
USD/JPY	115	117	118	119	JP	-0.20%	-0.20%	-0.20%	-0.30%
USD/SGD	1.43	1.45	1.46	1.47	SG	1.20%	1.40%	1.45%	1.65%
USD/MYR*	4.35 4.46	4.32 4.48	4.30 4.50	4.28 4.52	MY	3.00%	3.00%	3.00%	3.00%
USD/THB	35.8	36.2	36.5	36.8	TH	1.50%	1.50%	1.50%	1.75%
USD/CNY	7.02	7.09	7.16	7.20	CN	4.35%	4.35%	4.35%	4.35%
USD/IDR	13600	13700	13800	13900	ID	4.75%	4.75%	4.75%	5.00%
USD/PHP	50.2	50.6	50.9	50.9	PH	3.25%	3.50%	3.50%	3.50%
USD/INR	67.9	68.8	69.8	69.8	IN	5.75%	5.50%	5.50%	5.50%
USD/TWD	31.0	31.1	31.4	31.6	TW	1.38%	1.38%	1.38%	1.38%
USD/HKD	7.80	7.80	7.80	7.80	HK	1.50%	1.75%	1.75%	2.00%
USD/KRW	1140	1150	1160	1170	KR	1.25%	1.25%	1.25%	1.25%
					US	1.25%	1.50%	1.50%	1.75%

Updated on [27 Mar 17](#)

\*Updated on [27 Apr 17](#)

## Central Bank Meetings 2017

Central Bank	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Federal Reserve (FOMC)	-	01	15*	-	03	14*	26	-	20*	-	01	14*
European Central Bank (ECB)	19	-	09	27	-	08	20	-	07	26	-	14
Bank of England (BOE)	-	02 <sup>#</sup>	16	-	11 <sup>#</sup>	15	-	03 <sup>#</sup>	14	-	02 <sup>#</sup>	14
Reserve Bank of Australia (RBA)	-	07	07	04	02	06	04	01	05	03	07	05
Reserve Bank of New Zealand (RBNZ)	-	09 <sup>^</sup>	23	-	11 <sup>^</sup>	22	-	10 <sup>^</sup>	28	-	09 <sup>^</sup>	-
Bank of Japan (BOJ)	31**	-	16	27**	-	16	20**	-	21	31**	-	20**
Bank Negara Malaysia (BNM)	19	-	02	-	12	-	13	-	07	-	09	-
Bank of Thailand (BOT)	-	08	29	-	24	-	05	16	27	-	08	21
Monetary Authority of Singapore (MAS)	-	-	-	13	-	-	-	-	-	tba	-	-

\*Meetings associated with a Summary of Economic Projections and a press conference.

<sup>#</sup>Meetings associated with release of Inflation Report.

<sup>^</sup>Meetings associated with release of Monetary Policy Statement.

\*\*Meetings associated with release of Outlook Report.



Disclaimer: This analysis is based on information available to the public. Although the information contained herein is believed to be reliable, UOB Group makes no representation as to the accuracy or completeness. Also, opinions and predictions contained herein reflect our opinion as of date of the analysis and are subject to change without notice. UOB Group may have positions in, and may effect transactions in, currencies and financial products mentioned herein. Prior to entering into any proposed transaction, without reliance upon UOB Group or its affiliates, the reader should determine, the economic risks and merits, as well as the legal, tax and accounting characterizations and consequences, of the transaction and that the reader is able to assume these risks. This document and its contents are proprietary information and products of UOB Group and may not be reproduced or otherwise.