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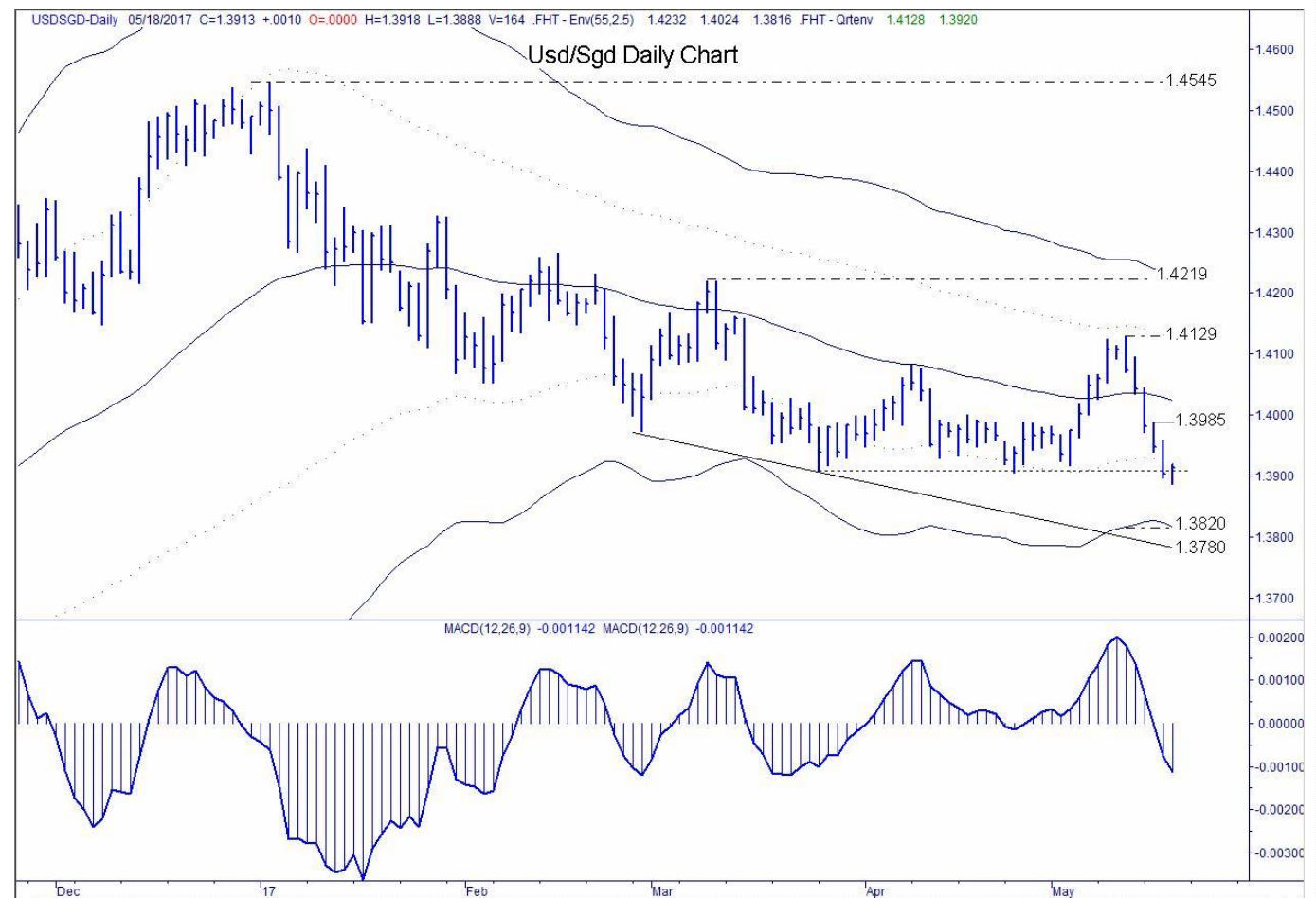
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FX Insights

Thursday, 18 May 2017

Chart Of The Day USD/SGD: 1.3915

Bearish, target 1.3820 with strong support at 1.3845.



While we have maintained the same view that USD is “*under immediate downward pressure towards 1.3905/10*” since Tuesday, [16 May](#), the rapid pace of the decline over the past couple of days and the lack of a rebound suggests that USD has moved into a bearish phase. From here, the nearest support is at 1.3840/45 (high in May 2016, not visible in the daily chart above) and based on the strong downward momentum, extension towards the next support at 1.3820 would not be surprising. In order to maintain the current impulsive momentum, any rebound should not move above 1.3985. On a shorter-term note, 1.3960 is already a rather strong resistance.

OVERVIEW

The US dollar tumbled further on Wednesday (17 May) with the ICE Dollar index (DXY) closing at 97.575, the lowest close since 4 Nov 2016. Market rate hike expectations for a June Fed hike eased lower to 82.5% from 97.5 in the previous day. The US bond market saw its biggest price rally in nearly a year since the 27 June 2016 UK Brexit referendum vote and the 2-10 year UST yield spread narrowed to 0.95ppt, the lowest since late Oct 2016. Gold price continued to a winner, extending its price gains for the 5th trading session in a row on Wednesday. The trigger for overnight risk off sentiments has largely been attributed to US political turbulence which finally shook the US financial markets out of its protracted period of low-volatility slumber.

18-May-17		Summary of Views					
FX Pairs	Spot	Outlook	Since/Rate	Target	Trailing-Stop	Support	Resistance
USD/SGD	1.3915	*Bearish	18 May 17 1.3915	1.3820	1.3985	S1: 1.3845 S2: 1.3820	R1: 1.3960 R2: 1.3985
EUR/SGD	1.5520	Bullish	17 May 17 1.5470	1.5550	1.5455 1.5400	S1: 1.5485 S2: 1.5455	R1: 1.5550 R2: 1.5600
GBP/SGD	1.8035	Neutral	12 May 17 1.8145	-	-	S1: 1.8000 S2: 1.7950	R1: 1.8100 R2: 1.8130
AUD/SGD	1.0340	Neutral	02 May 17 1.0515	-	-	S1: 1.0315 S2: 1.0290	R1: 1.0370 R2: 1.0400
JPY/SGD	1.2520	*Bullish	18 May 17 1.2520	1.2600	1.2450	S1: 1.2480 S2: 1.2450	R1: 1.2580 R2: 1.2600
USD/MYR	4.3255	Bearish	26 Apr 17 4.3660	4.2750 4.3420	4.3400 4.3470	S1: 4.3100 S2: 4.2750	R1: 4.3360 R2: 4.3400
USD/THB	34.48	Bearish	16 May 17 34.49	34.30	34.60 34.66	S1: 34.42 S2: 34.30	R1: 34.55 R2: 34.60
USD/CNH	6.8780	Bearish	17 May 17 6.8740	6.8600	6.8900	S1: 6.8680 S2: 6.8600	R1: 6.8850 R2: 6.8900
CNH/SGD	0.2024	Neutral	16 May 17 0.2029	-	-	S1: 0.2020 S2: 0.2015	R1: 0.2033 R2: 0.2036
EUR/USD	1.1155	Bullish	17 May 17 1.1085	1.1200	1.1045 1.1000	S1: 1.1085 S2: 1.1045	R1: 1.1200 R2: 1.1250
GBP/USD	1.2960	Neutral	04 May 17 1.2875	-	-	S1: 1.2935 S2: 1.2905	R1: 1.3000 R2: 1.3030
AUD/USD	0.7440	Neutral	15 May 17 0.7390	-	-	S1: 0.7410 S2: 0.7380	R1: 0.7450 R2: 0.7485
NZD/USD	0.6940	Neutral	16 May 17 0.6890	-	-	S1: 0.6910 S2: 0.6870	R1: 0.6970 R2: 0.7000
USD/JPY	111.10	*Bearish	18 May 17 111.10	110.10	111.90	S1: 110.50 S2: 110.10	R1: 111.60 R2: 111.90

* Shift in outlook.

FX Pairs	Ranges for 17-May-17				Performance*			
	Open	High	Low	Close	1-day	1-week	1-month	YTD**
USD/SGD	1.3950	1.3958	1.3899	1.3903	-0.32%	-1.45%	-0.52%	-4.12%
EUR/SGD	1.5454	1.5520	1.5434	1.5507	+0.31%	+1.18%	+4.25%	+2.24%
GBP/SGD	1.8011	1.8098	1.7964	1.8019	+0.01%	-1.23%	+2.61%	+1.23%
AUD/SGD	1.0356	1.0365	1.0298	1.0322	-0.35%	-0.60%	-2.65%	-0.73%
JPY/SGD	1.2327	1.2547	1.2320	1.2539	+1.69%	+1.62%	-2.29%	+1.41%
USD/MYR	4.3150	4.3210	4.3100	4.3210	+0.02%	-0.55%	-1.86%	-3.64%
USD/THB	34.47	34.55	34.42	34.47	+0.02%	-0.83%	+0.55%	-3.79%
USD/CNH	6.8745	6.8836	6.8710	6.8710	-0.04%	-0.60%	-0.12%	-1.44%
EUR/USD	1.1082	1.1162	1.1078	1.1158	+0.68%	+2.68%	+4.86%	+6.67%
GBP/USD	1.2915	1.2991	1.2907	1.2971	+0.40%	+0.23%	+3.23%	+5.60%
AUD/USD	0.7427	0.7444	0.7389	0.7432	+0.06%	+0.86%	-2.06%	+3.47%
NZD/USD	0.6885	0.6945	0.6878	0.6944	+0.85%	+0.04%	-0.95%	+0.15%
USD/JPY	113.11	113.12	110.76	110.80	-2.04%	-3.03%	+1.75%	-5.48%

* 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: 1.3915

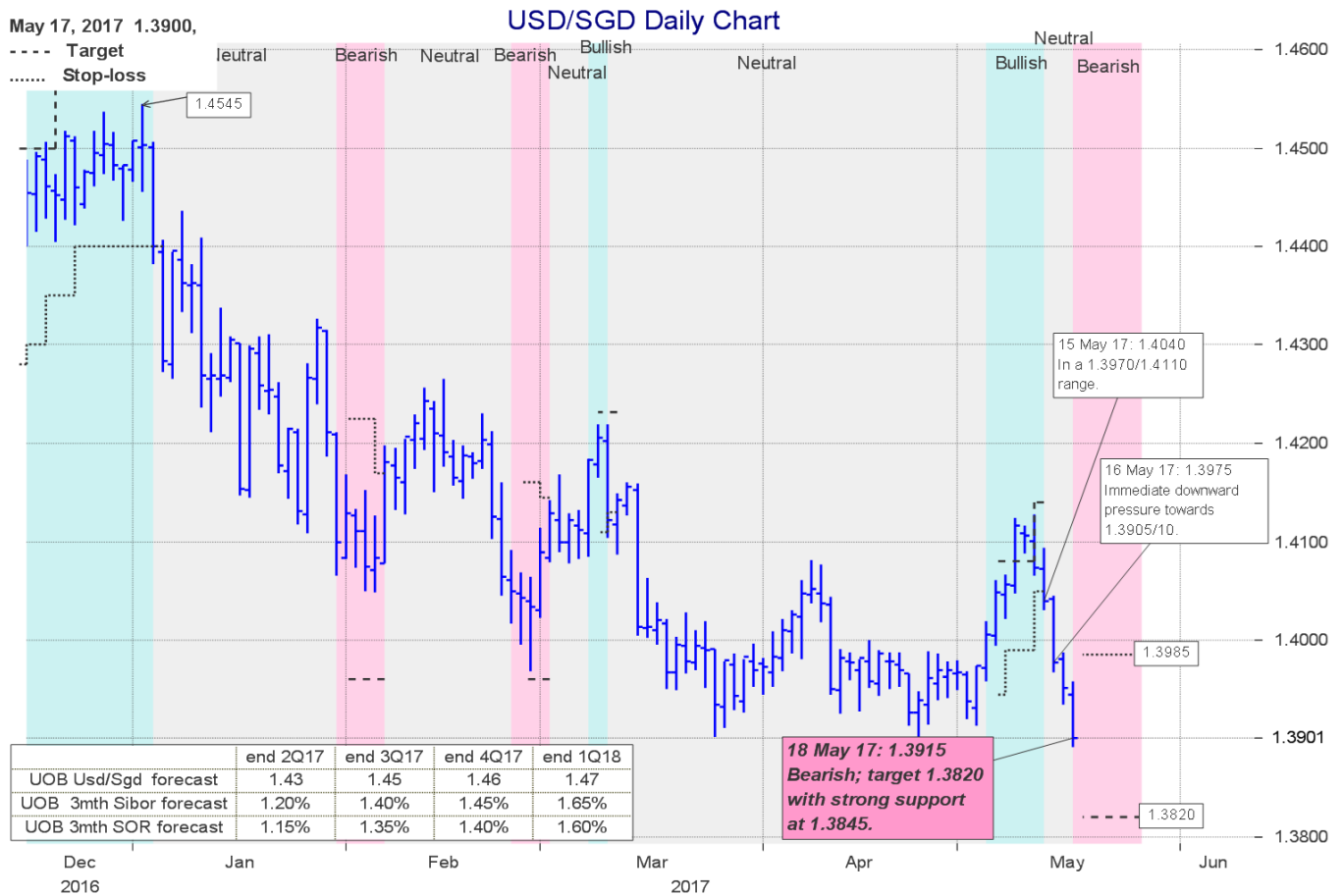
24-HOUR VIEW:

The anticipated USD weakness exceeded our expectation by taking out the major 1.3905/10 support to hit an overnight low of 1.3899 before closing at 1.3903 (low of 1.3888 after NY close). While clearly oversold, strong and impulsive momentum suggests further downward pressure towards the next support at 1.3875 (next support is at 1.3840/45). Resistance is at 1.3930 and yesterday's high near 1.3960 is likely strong enough to cap any rebound.

1-3 WEEKS VIEW:

Shift from neutral to bearish: Target 1.3820 with strong support at 1.3845.

[See Chart of the Day on page 1]



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

EUR/SGD: 1.5520

24-HOUR VIEW:

Expectation for sideways trading was wrong as EUR continues to extend its up-move to hit an overnight high of 1.5520. While over-extended, the current EUR strength appears to have scope to extend higher to test the strong 1.5550 resistance (next resistance at 1.5580). Support is at 1.5485 ahead of 1.5455.

1-3 WEEKS VIEW:

Bullish: Over-extended but room for extension to 1.5550.
We just shifted to a bullish EUR stance [yesterday](#) (spot at 1.5470) and there is no change to the view. As indicated, while over-extended, the rally has room to extend further to 1.5550. Based on the strong overnight rally, a break above 1.5550 could lead to further rise towards the next resistance at 1.5600. Stop-loss is adjusted higher to 1.5455 from 1.5400.

GBP/SGD: 1.8035

24-HOUR VIEW:

We indicated yesterday that we continue to “expect GBP to grind lower towards 1.7960”. GBP touched a low of 1.7964 before staging a surprisingly robust rebound to hit a high of 1.8098. The subsequent choppy trading has resulted in a mixed outlook and the current movement is viewed as part of a consolidation phase. In other words, expect sideways trading for now, likely not moving much out of the 1.7962/1.8098 range seen yesterday.

1-3 WEEKS VIEW:

Neutral: In a 1.7950/1.8130 range.
GBP touched a low of 1.7964 before rebounding quickly. The recent downward pressure has eased and instead of extending towards 1.7930 as expected previously, GBP has likely moved into a consolidation phase. In other words, this pair is expected to trade sideways for now, likely between 1.7950 and 1.8130.

AUD/SGD: 1.0340

24-HOUR VIEW:

AUD moved below the major 1.0320/25 support to hit a fresh year-to-date low of 1.0298. However, the down-move was short-lived and the current rebound from the low appears to have room to extend to 1.0370 (next resistance at 1.0390). At this stage, a sustained move above this level is not expected. Support is at 1.0315 ahead of 1.0290.

1-3 WEEKS VIEW:

Neutral: In a 1.0290/1.0400 range.
While AUD broke below the bottom of the expected 1.0325/1.0435 consolidation range, it rebounded sharply and swiftly from a low of 1.0298. While negative, the price action is not enough to shift the current neutral outlook to bearish. Overall, we prefer to continue to hold a neutral stance and only a daily closing out of the expected 1.0290/1.0400 consolidation range (adjusted from 1.0325/1.0435) would indicate the start of a directional move.

JPY/SGD: 1.2520

24-HOUR VIEW:

While we expected a stronger JPY yesterday, the spectacular rally to an overnight high of 1.2547 was unexpected. The rally appears to be running ahead of itself and the impulsive momentum suggests that another push higher towards 1.2580 would not be surprising. Support is at 1.2480 followed by 1.2450.

1-3 WEEKS VIEW:

Shift from neutral to bullish: Over-extended but rally has room to extend to 1.2600.
While we indicated yesterday that “a short-term low is likely in place at 1.2272 and the current rebound appears to have scope to extend higher to 1.2470”, the acceleration higher that easily took out 1.2470 came as a surprise. The outlook for JPY has shifted to bullish but we are aware that the rally is rather over-extended even though there is room for further extension to 1.2600. Only a move back below 1.2450 would indicate that a temporary top is in place.

USD/MYR: 4.3255

Latest Flash Note: 15 May 17

BNM Keeps OPR On Hold With Neutral Bias <https://goo.gl/bpLefz>

1-3 WEEKS VIEW:

Bearish: Diminished odds for extension lower to 4.2750.

We noted in recent updates that “the month-to-date low near 4.3100 is expected to offer solid support”. This level was tested twice in recent days but continue to hold. The inability to move below this level coupled with the subsequent rebound has diminished the odds for the current bearish phase that started about 3 weeks ago (see [Chart of the Day](#) update on 26 Apr, spot at 4.3630) to extend lower to 4.2750. However, confirmation of a short-term low is only upon a move back above the trailing stop-loss at 4.3400 (adjusted lower from 4.3470).

USD/THB: 34.48

Latest Flash Note: 16 May 17

Thailand's Eastern Economic Corridor: The Next Major Economic Zone Of ASEAN <https://goo.gl/QDPJq4>

1-3 WEEKS VIEW:

Bearish: Anticipating a break of 34.42 for a move to 34.25/30.

Despite the overall bearish indications, the lack of a follow through on the downside does not bode well for our bearish USD view (see [Chart of the Day](#) on 16 May). However, USD has to move back above 34.60 (stop-loss adjusted lower from 34.66) to indicate that a short-term low is in place. Until then, a break below 34.42 for a move to 34.25/30 is not ruled out just yet.

USD/CNH: 6.8780

Latest Flash Note: 16 May 17

Maintaining Neutral and Prudent Monetary Policy <https://goo.gl/Olsxsk>

1-3 WEEKS VIEW:

Bearish: Over-extended but room for extension to 6.8600.

We just turned bearish USD yesterday and there is no change to the view. While the drop appears to be over-extended, there is room for extension to 6.8600. Stop-loss is unchanged at 6.8900.

CNH/SGD: 0.2024

1-3 WEEKS VIEW:

Neutral: Pull-back has room to extend lower to 0.2020.

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

We just shifted to a neutral stance yesterday and there is no change to the view. The current pull-back appears to have scope to extend lower towards the major 0.2020 support. Overall, this pair is expected to stay under pressure in the coming days unless it can move and stay above 0.2036.

EUR/USD: 1.1155

24-HOUR VIEW:

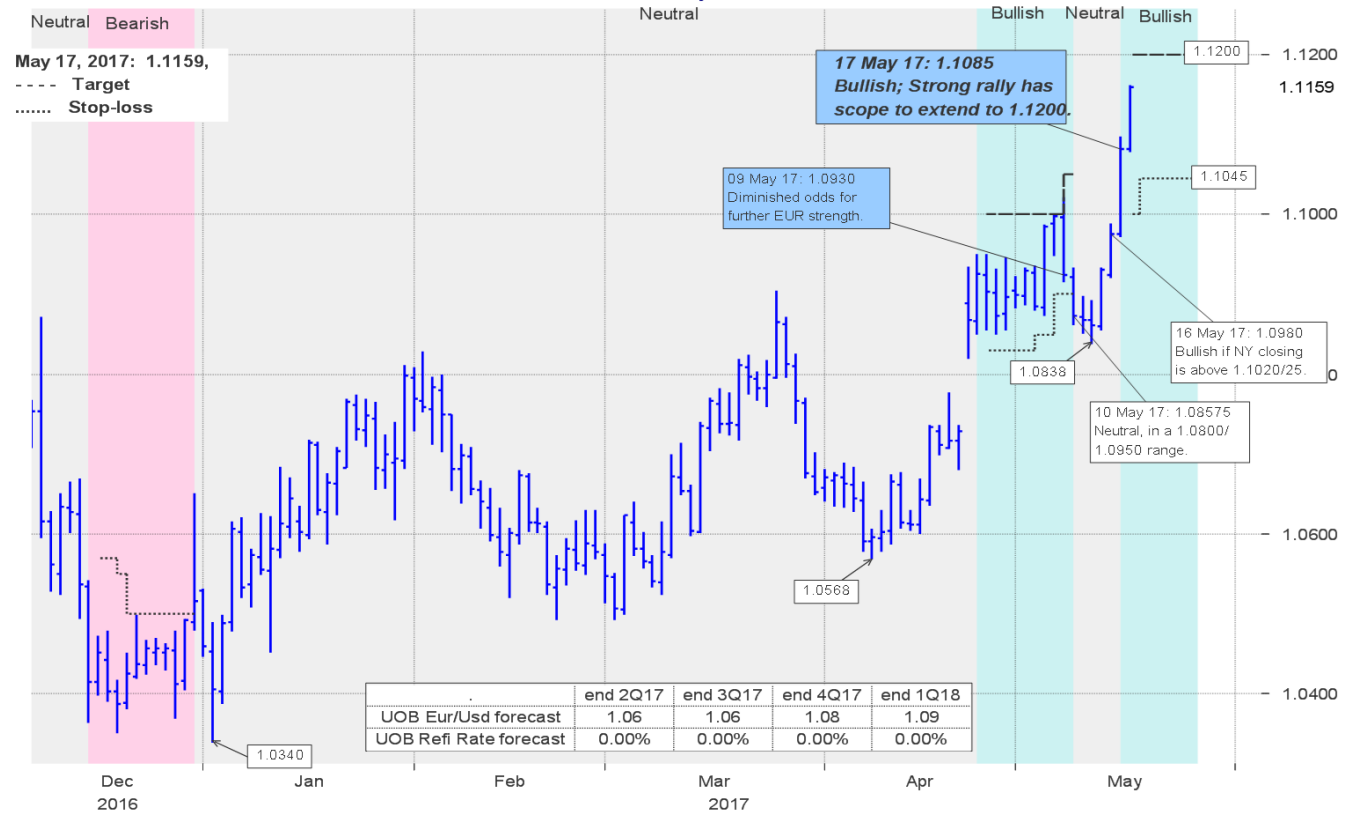
The target indicated at 1.1140/45 yesterday was exceeded as EUR hit a high of 1.1162 during late NY hours (high of 1.1170 after NY close). The strong trending move appears to have scope to extend further even though 1.1200 is a major resistance and may not yield so easily (next resistance at 1.1235). Support is at 1.1120 but only a move back below 1.1085 would indicate that a temporary top is in place.

1-3 WEEKS VIEW:

Bullish: Strong rally has scope to extend to 1.1200.

The shift to a bullish stance yesterday (see [Chart of the Day](#) update, spot at 1.1085) was timely as EUR continues to accelerate higher. As indicated, the strong rally has scope to extend further 1.1200. A break above this level would shift the focus to 1.1300. Stop-loss is adjusted higher to 1.1045 from 1.1000.

EUR/USD Daily Chart



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

GBP/USD: 1.2965

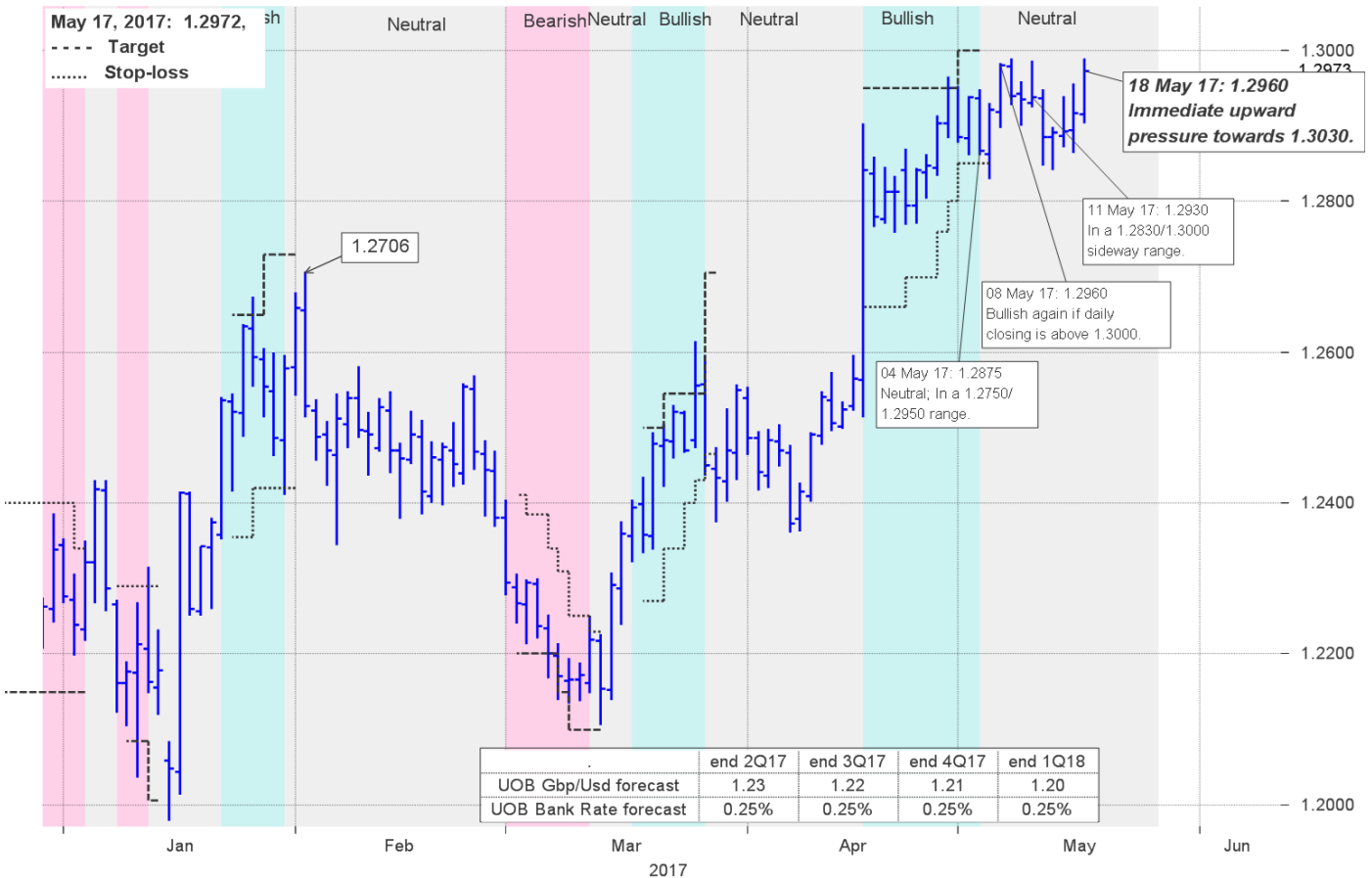
24-HOUR VIEW:

Instead of trading sideways as expected, GBP surged to hit an overnight high of 1.2991. Despite the pull-back from the top, the undertone is still positive and from here, a move above the major 1.3000 resistance would not be surprising (next resistance at 1.3030). Support is at 1.2935 but the significant support is at 1.2905.

1-3 WEEKS VIEW:

Neutral: Immediate upward pressure towards 1.3030.
 GBP closed on positive note yesterday but it is not enough to shift the current neutral phase to bullish. That said, the undertone has improved considerably and from here, the immediate pressure is on the upside even though 1.3030 is expected to offer solid resistance. Overall, this pair is expected to stay underpinned in the coming days as long as it can hold above 1.2905.

GBP/USD Daily Chart



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

AUD/USD: 0.7430

24-HOUR VIEW:

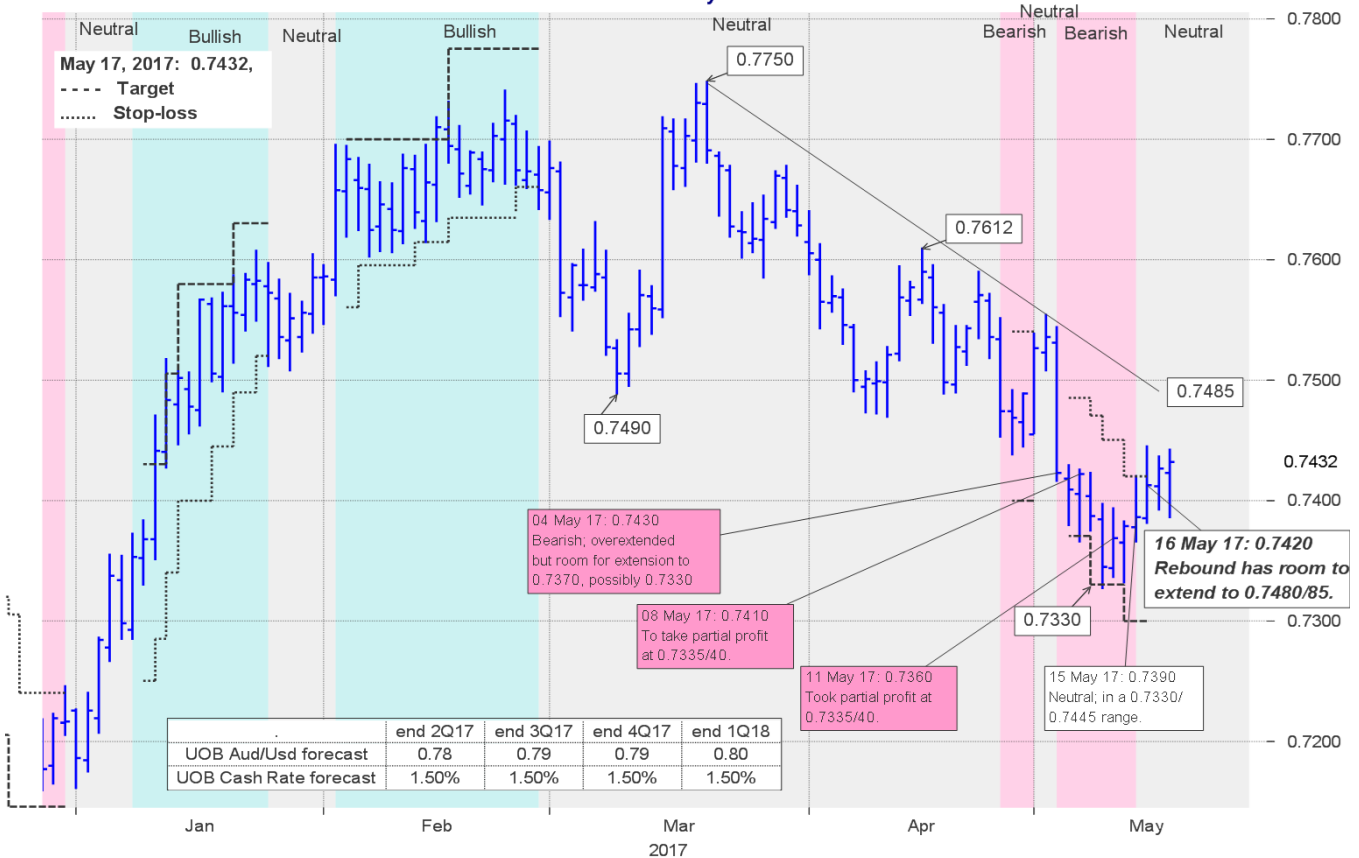
While the strong support indicated at 0.7385 held as expected (overnight low of 0.7389), the major 0.7445/50 resistance remains unchallenged. Based on the strong rebound from the overnight low, a break above 0.7445/50 seems likely even though a sustained move above this level is unlikely (next resistance at 0.7480/85 likely out of reach for now). Support is at 0.7410 ahead of the still very strong level of 0.7380.

1-3 WEEKS VIEW:

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

There is not much to add as we continue to hold the view that the current rebound in AUD has room to extend higher to test the major 0.7480/85 resistance. AUD has to break clearly above this level to indicate that it has moved into a bullish phase. As long as this pair can continue to hold above 0.7380 (key support previously at 0.7370), the upward pressure would continue to increase.

AUD/USD Daily Chart



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

NZD/USD: 0.6940

Latest Flash Note: 11 May 17

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

24-HOUR VIEW:

NZD not only exceeded the target indicated at 0.6915/20, it managed to edge above the major 0.6950 resistance to hit a high of 0.6952 (seen after NY close). The strong daily closing indicates further upward pressure even though the month-to-date high at 0.6970 is expected to offer solid resistance (break could lead to rapid rise to challenge 0.7000). Support at 0.6910 is likely strong enough to hold for today.

1-3 WEEKS VIEW:

Neutral: Bullish if NY closing above 0.6970.

We indicated yesterday that “the price action appears to be the very early stages of a basing phase”. The strong daily closing yesterday reinforces our view but NZD has to close above 0.6970 to indicate that it has moved into a bullish phase. This scenario would not be surprising as long as NZD can hold above 0.6870 in the next few days.

Nzd/Usd Daily Chart



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

USD/JPY: 111.10

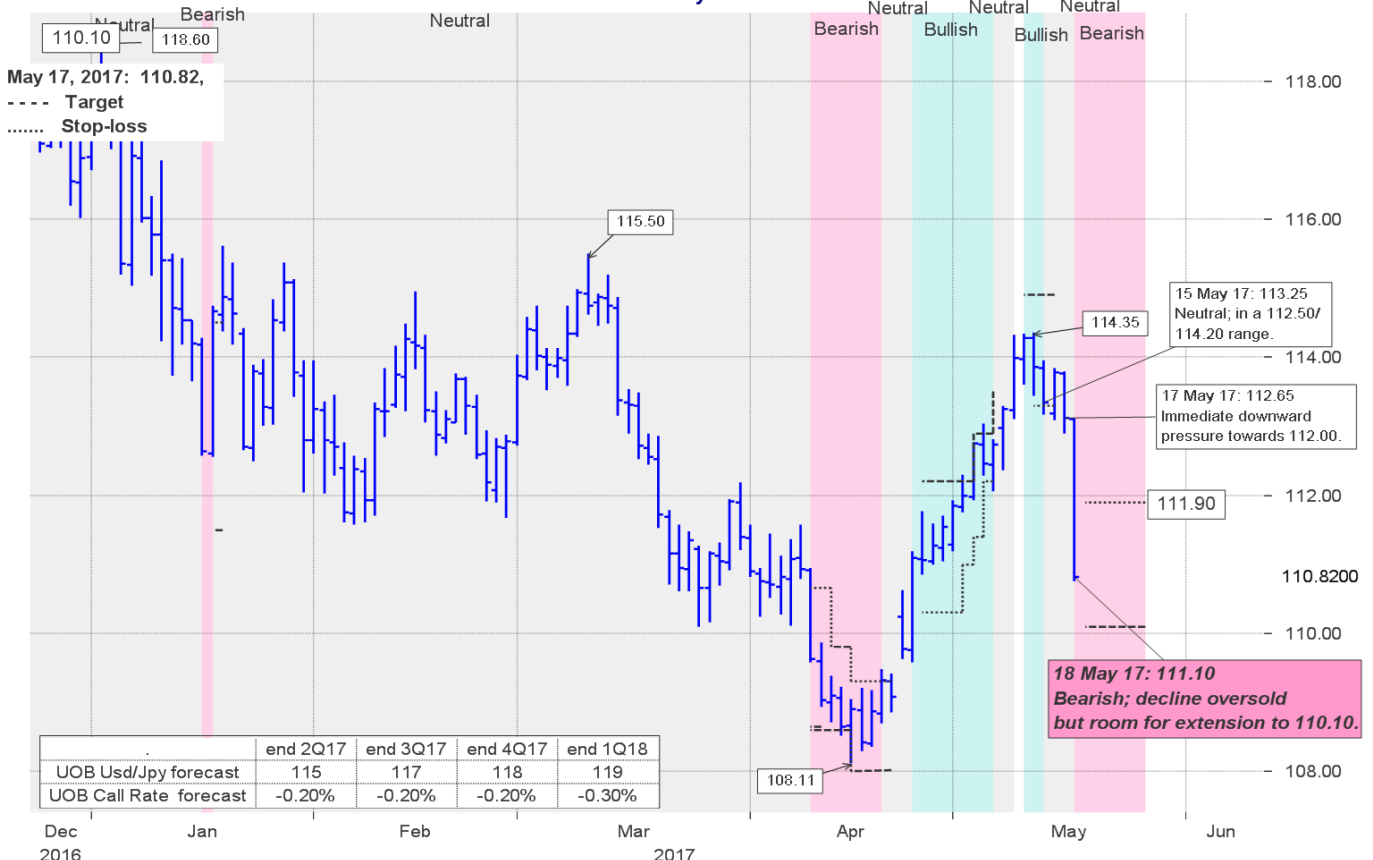
24-HOUR VIEW:

While we noted yesterday that “the decline is accompanied by strong momentum and the risk is still clearly on the downside”, the outsized plunge in USD that hit an overnight low 110.76 was unexpected (the more than 2% drop is the largest single day decline since July last year). Despite the quick bounce off the low, it is too early to expect a significant recovery. USD is more likely to consolidate its loss and trade sideways for now even though the immediate bias is for a probe lower towards the bottom of the expected 110.55/111.60 range.

1-3 WEEKS VIEW:

Shift from neutral to bearish: Decline oversold but room for extension to 110.10. The expected ‘deep pull-back’ towards 112.00 indicated yesterday morphed into a full-fledged slump as USD plunged to a low of 110.54 at the time of writing. While the decline appears to be running ahead of itself, there is no sign of stabilization just yet and extension to 110.10 seems likely. That said, current level of 111.10 does not offer attractive reward to risk as confirmation of a short-term low is only upon a move back above 111.90.

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 [#]	16	-	11 [#]	15	-	03 [#]	14	-	02 [#]	14
Reserve Bank of Australia (RBA)	-	07	07	04	02	06	04	01	05	03	07	05
Reserve Bank of New Zealand (RBNZ)	-	09 [^]	23	-	11 [^]	22	-	10 [^]	28	-	09 [^]	-
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.

[#]Meetings associated with release of Inflation Report.

[^]Meetings associated with release of Monetary Policy Statement.

^{**}Meetings associated with release of Outlook Report.



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