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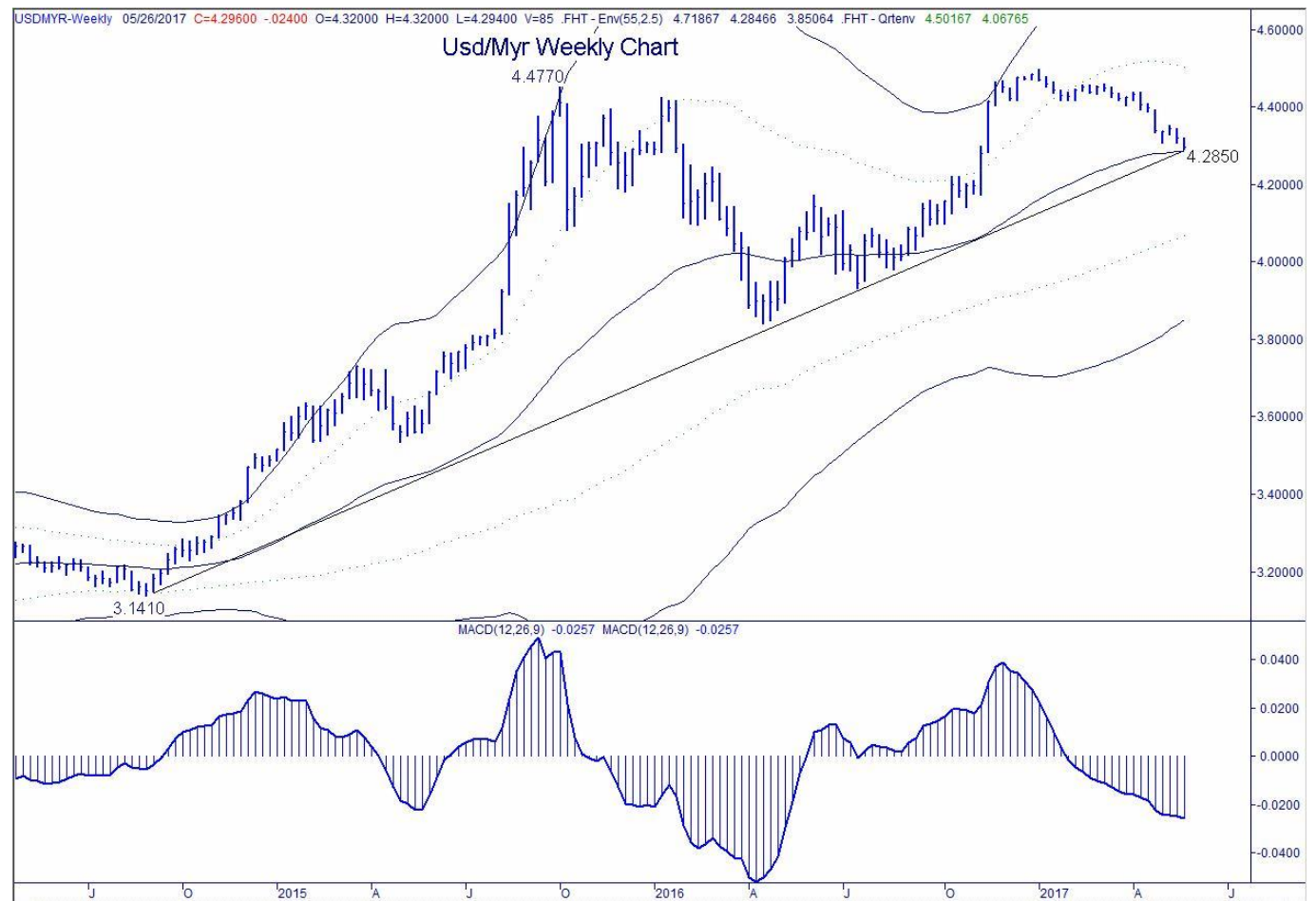
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FX Insights

Tuesday, 23 May 2017

Chart Of The Day USD/MYR: 4.2980

To take partial profit at 4.2850.



We have been bearish USD since the end of April (see [Chart of the Day](#) update on 26 Apr, spot at 4.3630). In that update, we indicated that “after the tremendous rally end of last year, supports are far apart” and “a break below 4.3420 could lead to acceleration lower as the next significant support is at the rising weekly trend-line near 4.2750”.

Since then, we have been monitoring the progress of the USD down-move on a daily basis and over time, the rising weekly trend-line has moved higher and is currently residing at 4.2850 (which coincide with the middle of the trading envelope). This level is acting as a major mid to long-term support and those who are short should look to book partial profit near this level. Remaining shorts should move the trailing stop-loss down to 4.3250 from 4.3350 previously.

OVERVIEW

It was the U.S. dollar that lagged other asset classes again on Monday's trade, with the greenback reversing earlier Asian gains in the European session to finish lower against most G10 peers. Merkel's "too weak" euro comments sent the EUR/USD soaring to a high of 1.1263 before easing off to settle at 1.1236 (+0.29%). GBP/USD continued to trade around the 1.30 level before closing at the figure. USD/JPY chopped around in 110.88 - 111.61 range before finishing little changed at 111.30.

Meanwhile, other metrics of risk sentiments continued to recover from the sell-off last week. U.S equities finished higher for a third day, buoyed by multi-billion deals that President Trump netted in Saudi Arabia over the weekend while U.S oil extended its recent gains to settle 0.8% higher to \$50.73 a barrel on Monday after Saudi Arabia and Iraq backed a 9-month extension to output cuts in order to alleviate the supply glut.

Earlier this morning, newswires reported at least 19 killed and many others injured after possible explosions at a concert in the Manchester Arena in U.K. Prime Minister Theresa May condemned the "appalling terrorist attack" and has suspended national campaigning ahead of the June 8 elections. The Sterling Pound trades marginally lower at 1.2985.

For the rest of the day, we expecting preliminary May prints of PMI manufacturing from Japan, France, Germany, Eurozone and the U.S. Other key data releases include Germany's GDP (Q1 final) and IFO business climate (May), U.K public finances (Apr) and U.S new home sales (Apr).

23-May-17

Summary of Views

FX Pairs	Spot	Outlook	Since/ Rate	Target	Trailing-Stop	Support	Resistance
USD/SGD	1.3860	Bearish	18 May 17 1.3915	1.3820	1.3955 1.3985	S1: 1.3820 S2: 1.3780	R1: 1.3915 R2: 1.3955
EUR/SGD	1.5585	*Bullish	23 May 17 1.5585	1.5680	1.5480	S1: 1.5540 S2: 1.5480	R1: 1.5620 R2: 1.5680
GBP/SGD	1.8010	Neutral	12 May 17 1.8145	-	-	S1: 1.7960 S2: 1.7930	R1: 1.8060 R2: 1.8110
AUD/SGD	1.0360	Neutral	02 May 17 1.0515	-	-	S1: 1.0320 S2: 1.0290	R1: 1.0375 R2: 1.0400
JPY/SGD	1.2475	Neutral	22 May 17 1.2445	-	-	S1: 1.2425 S2: 1.2320	R1: 1.2515 R2: 1.2550
USD/MYR	4.2980	Bearish	26 Apr 17 4.3660	4.2850 4.3420	4.3250 4.3350	S1: 4.2950 S2: 4.2850	R1: 4.3150 R2: 4.3250
USD/THB	34.35	Bearish	16 May 17 34.49	34.30	34.50 34.55	S1: 34.30 S2: 34.25	R1: 34.45 R2: 34.50
USD/CNH	6.8770	Bearish	17 May 17 6.8740	6.8600	6.8900	S1: 6.8710 S2: 6.8600	R1: 6.8850 R2: 6.8900
CNH/SGD	0.2016	Bearish	22 May 17 0.2016	0.2003	0.2025	S1: 0.2012 S2: 0.2008	R1: 0.2020 R2: 0.2025
EUR/USD	1.1235	Bullish	17 May 17 1.1085	1.1300 1.1200	1.1130 1.1095	S1: 1.1160 S2: 1.1130	R1: 1.1260 R2: 1.1300
GBP/USD	1.2990	Neutral	04 May 17 1.2875	-	-	S1: 1.2950 S2: 1.2850	R1: 1.3050 R2: 1.3085
AUD/USD	0.7470	*Bullish	23 May 17 0.7470	0.7560	0.7430	S1: 0.7455 S2: 0.7400	R1: 0.7500 R2: 0.7560
NZD/USD	0.7000	*Bullish	23 May 17 0.7000	0.7055	0.6940	S1: 0.6975 S2: 0.6940	R1: 0.7030 R2: 0.7055
USD/JPY	111.10	Bearish	18 May 17 111.10	110.10	111.90	S1: 110.65 S2: 110.10	R1: 111.50 R2: 111.90

* Shift in outlook.

FX Pairs	Ranges for 22-May-17				Performance*			
	Open	High	Low	Close	1-day	1-week	1-month	YTD**
USD/SGD	1.3862	1.3885	1.3852	1.3862	+0.05%	-0.85%	-0.45%	-4.39%
EUR/SGD	1.5520	1.5603	1.5483	1.5576	+0.39%	+1.57%	+2.94%	+2.70%
GBP/SGD	1.8021	1.8066	1.7976	1.8017	-0.17%	-0.00%	+1.14%	+1.19%
AUD/SGD	1.0325	1.0375	1.0295	1.0358	+0.29%	0%	-1.68%	-0.56%
JPY/SGD	1.2447	1.2492	1.2423	1.2451	+0.07%	+1.39%	-1.83%	+1.19%
USD/MYR	4.3200	4.3200	4.3010	4.3030	-0.39%	-0.50%	-2.16%	-4.04%
USD/THB	34.27	34.42	34.24	34.30	-0.05%	-0.69%	-0.11%	-4.18%
USD/CNH	6.8720	6.8836	6.8720	6.8799	+0.11%	-0.17%	-0.06%	-1.39%
EUR/USD	1.1200	1.1263	1.1160	1.1236	+0.28%	+2.39%	+3.39%	+7.48%
GBP/USD	1.2975	1.3043	1.2966	1.3000	-0.26%	+0.79%	+1.59%	+5.88%
AUD/USD	0.7467	0.7489	0.7435	0.7479	+0.28%	+0.86%	-1.20%	+4.02%
NZD/USD	0.6925	0.6998	0.6917	0.6996	+1.02%	+1.67%	-0.29%	+1.08%
USD/JPY	111.30	111.60	110.87	111.27	+0.00%	-2.19%	+1.38%	-5.59%

* 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: 1.3860

Latest Flash Note: 17 May 17
 Sharp Pullback In April NODX Is Only Temporary <https://goo.gl/oYUdAx>

24-HOUR VIEW:

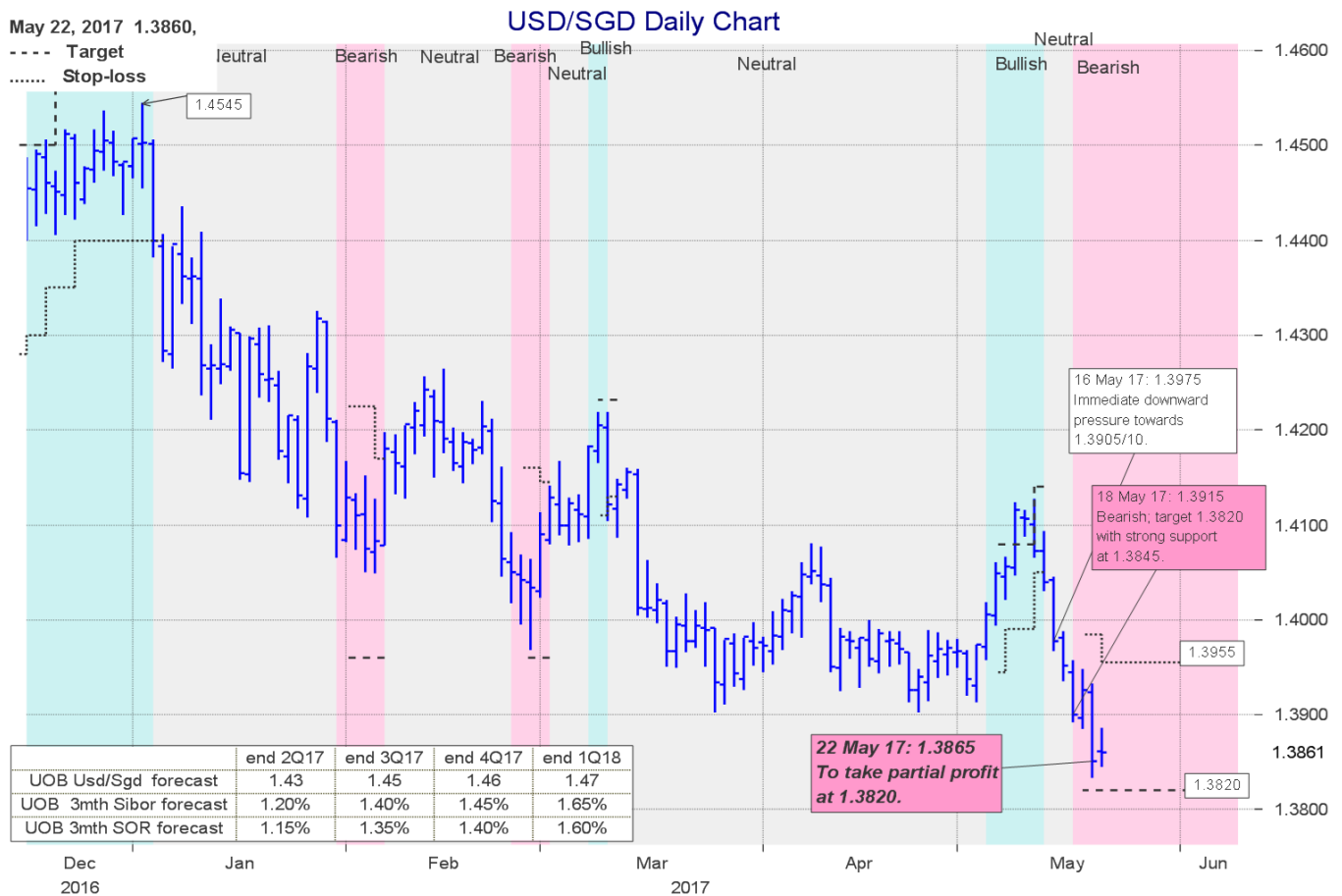
USD traded in a surprisingly narrow range between 1.3852 and 1.3885 yesterday. Despite the narrow consolidation, the undertone is still weak and a test of last week's low near 1.3835/40 support seems likely (the next support at 1.3820 appears to be out of reach for now). Resistance is at 1.3890 but only a move back above 1.3915 would indicate that the current weak undertone has stabilized.

1-3 WEEKS VIEW:

Bearish: To take partial profit at 1.3820.

USD traded quietly yesterday within a narrow range of 1.3852/1.3885. There is not much to add to what was highlighted in the Chart of the Day update from yesterday (reproduce below):

The bearish phase that started last Thursday, 18 May (see [Chart of the Day](#) update, spot at 1.3915) is moving at a faster pace than expected. The strong support indicated at 1.3845 was breached as USD registered its largest single day decline in about 6 weeks to hit a low of 1.3838 last Friday. Indicators are quickly approaching oversold and those who are short should look to book partial profit at 1.3820. This is a reasonably strong support and a break would open up the way for extension to 1.3770. Stop-loss is adjusted lower to 1.3955 from 1.3985 even though 1.3915 is already a strong short-term resistance.



EUR/SGD: 1.5585

24-HOUR VIEW:

Merkel inspired boost sent EUR surging to exceed the 1.5550 target indicated yesterday (high of 1.5603). While overbought, there is scope for another push higher towards 1.5620 but a sustained move this level seems unlikely. Support is at 1.5540 followed by 1.5500. The 1.5483 low seen earlier yesterday is not expected to come into picture for today.

1-3 WEEKS VIEW:

Shift from neutral to bullish: Over-extended but scope for extension to 1.5680.

The sudden surge higher (inspired by Merkel comment that EUR is too weak) sent EUR soaring to a high of 1.5603. While the rally appears to be over-extended, there is scope for extension to 1.5680. The next resistance is near last November's peak at 1.5725/30. In order to maintain the current momentum, any short-term pull-back should not move back below 1.5480. On a shorter-term note, 1.5540 is already a strong support.

GBP/SGD: 1.8010

24-HOUR VIEW:

In line with expectation, GBP traded sideways albeit at a narrower range than anticipated. The consolidation phase appears incomplete and further range trading is expected today but likely at a lower range of 1.7960/1.8060.

1-3 WEEKS VIEW:

Neutral: In a 1.7930/1.8110 range.

GBP continues to trade in a calm manner and there is no change to the current view wherein we expect this pair to trade within a broad 1.7930/1.8110 range.

AUD/SGD: 1.0360

24-HOUR VIEW:

Expectation for another push lower was wrong as AUD rose strongly to hit an overnight high of 1.0375. While upward momentum is not that strong, there is room for another leg higher but 1.0400 is a major resistance and is unlikely to yield so easily. Support is at 1.0340 followed by 1.0320.

1-3 WEEKS VIEW:

Neutral: Price action appears to be a basing process.

While AUD continues to trade within the expected 1.0290/1.0400 consolidation range, the price action appears to be a basing process. However, AUD has to register a NY closing above 1.0400 to indicate the start of a sustained up-move towards 1.0500. Overall, the current nascent upward pressure would continue to increase as long as this pair can hold above the major 1.0290 support in the next few days.

JPY/SGD: 1.2485

24-HOUR VIEW:

The target indicated at 1.2400 yesterday was not met as JPY recovered after hitting a low of 1.2423. The recovery appears incomplete and from here; barring a move below 1.2440, the rebound is expected to extend to 1.2515 (next resistance is at 1.2550).

1-3 WEEKS VIEW:

Neutral: In a 1.2320/1.2550 range.

We just shifted to a neutral stance yesterday and there is no change to the view. JPY has likely moved into a consolidation phase and is expected to trade between 1.2320 and 1.2550 for now.

USD/MYR: 4.2980

Latest Flash Note: 19 May 17

GDP Growth Hits 2-Year High At 5.6% In 1Q 2017 <https://goo.gl/G6YvEz>

1-3 WEEKS VIEW:

Bearish: To take partial profit at 4.2850.

[See Chart of the Day on page 1]

USD/THB: 34.35

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: Target a move to 34.25/30.

The 34.25/30 target that was first indicated last Tuesday (see [Chart of the Day](#) on 16 May, spot at 34.49) was touched as USD hit a low 34.30 yesterday. Downward momentum continues to improve and a clear break below 34.25/30 would shift the focus to 34.10. Stop-loss is adjusted lower to 34.50 from 34.55.

USD/CNH: 6.8770

Latest Flash Note: 17 May 17

Belt And Road Initiative And What It Means <https://goo.gl/U3q6PK>

1-3 WEEKS VIEW:

Bearish: Still bearish but expect strong support near 6.8710.

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

While the current outlook for USD is still deemed as bearish, downward momentum is patchy at best and last week's low near 6.8710 is acting a strong support now and may not yield so easily. That said, only a break above 6.8900 would indicate that the bearish phase has ended. Target remains unchanged at 6.8600.

CNH/SGD: 0.2016

1-3 WEEKS VIEW:

Bearish: Decline over-extended but scope for extension to 0.2008 with lower odds for 0.2003.

We just shifted to a bearish CNH stance yesterday and there is no change to the view. While oversold, the current weakness has room to extend lower to 0.2008. The next support is at the 2016 low of 0.2003 and the odds for a move towards this level are not high at this stage. Stop-loss is unchanged at 0.2025.

EUR/USD: 1.1235

24-HOUR VIEW:

The 'extension' target indicated at 1.1235/40 yesterday was exceeded as EUR surged to a high of 1.1263. The up-move appears to be over-stretched but a retest of 1.1260/65 would not be surprising. That said, the next level at 1.1300 is a major resistance (high in November last year) and is unlikely to be challenged for now. Support is at 1.1195 ahead of yesterday's low near 1.1160.

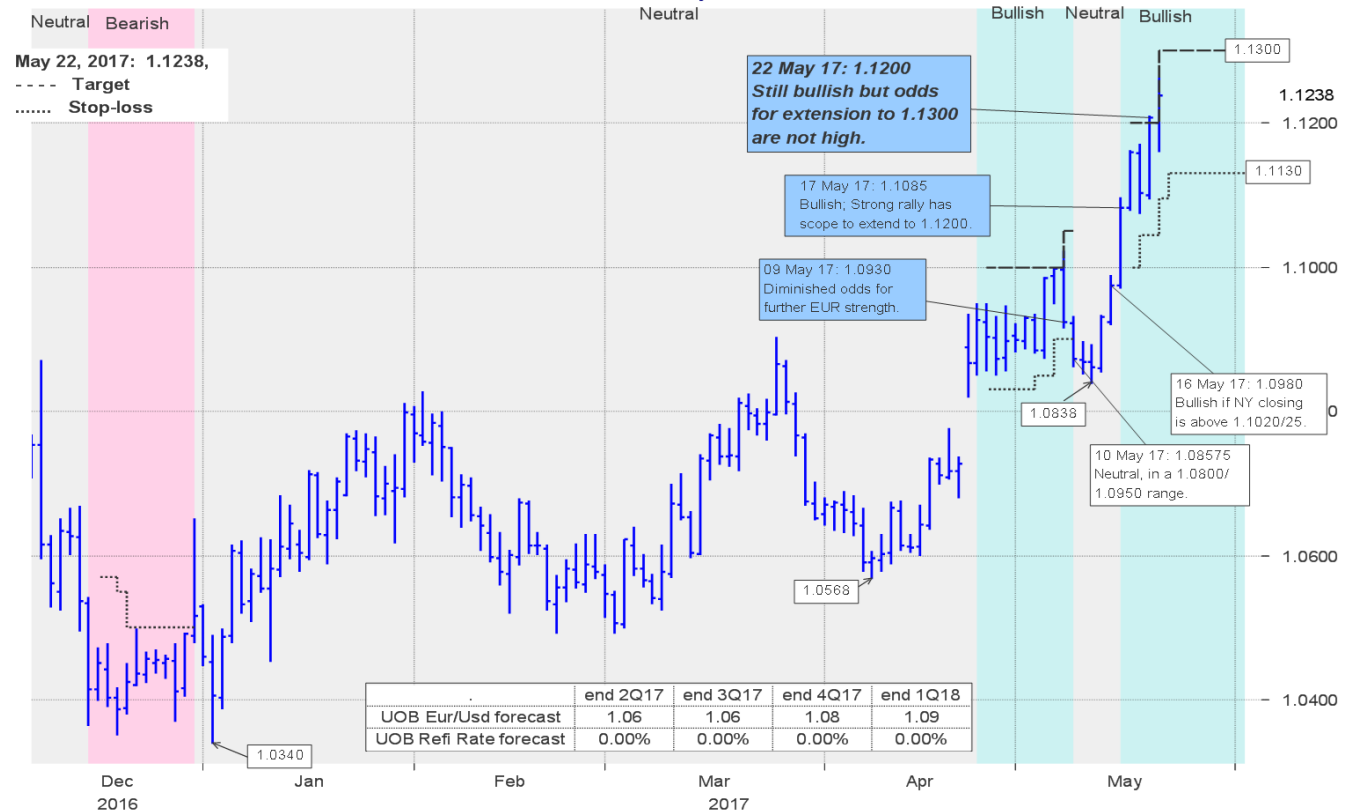
1-3 WEEKS VIEW:

Bullish: Still bullish but odds for extension to 1.1300 are not high.

Merkel's 'EUR is too weak' comment boosted EUR to a high of 1.1263. While this has improved the upward momentum, the bullish phase that started last Wednesday, 17 May (see [Chart of the Day](#) update, spot at 1.1085) still appears to be over-extended and the extension target of 1.1300 may not be seen so soon. We have suggested taking partial profit at 1.1170 last Friday and remaining longs should adjust the stop-loss higher to 1.1130 from 1.1095 yesterday. Looking further ahead, any break above 1.1300 would shift the focus to 1.1365.

*Took partial profit at 1.1170.

EUR/USD Daily Chart



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

GBP/USD: 1.2990

24-HOUR VIEW:

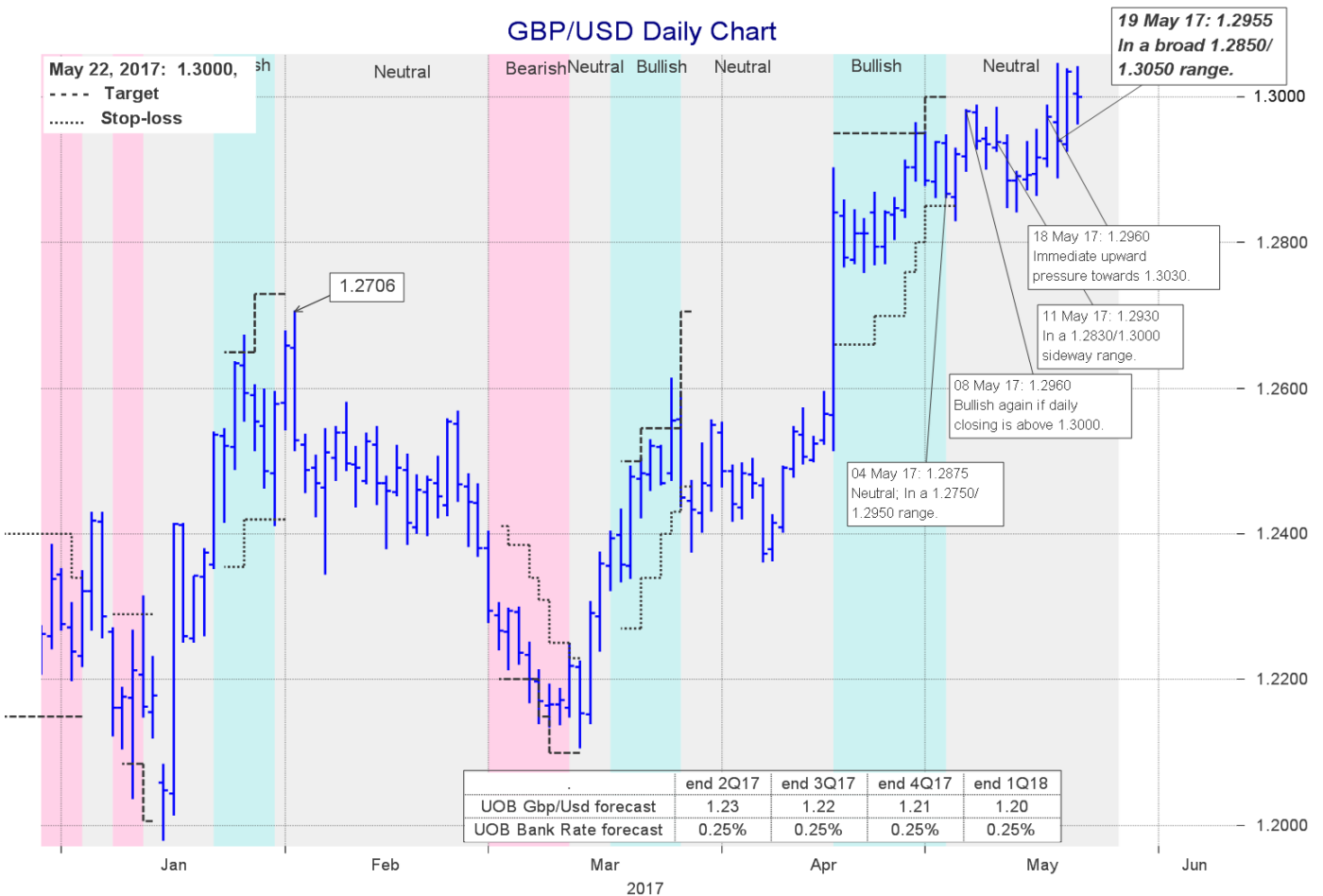
In line with expectation, GBP tested the major 1.3040/50 resistance before easing off (high has been 1.3043). The positive undertone has eased and the current movement is viewed as part of a consolidation phase. In other words, sideways trading is expected for today even though the immediate bias is for a probe lower towards the bottom of the expected 1.2960/1.3035 consolidation range.

1-3 WEEKS VIEW:

Neutral: In a 1.2850/1.3050 range.

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

There is not much to add as GBP rebounded quickly last Friday to hit a high of 1.3040, holding just below the top end of our expected 1.2850/1.3050 consolidation range. While the undertone has improved, it is not enough to shift the current neutral outlook to bullish. That said, an intraday move above 1.3050 is not ruled out but GBP has to register a NY close above 1.3085 to indicate the start of a bullish phase.



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

AUD/USD: 0.7470

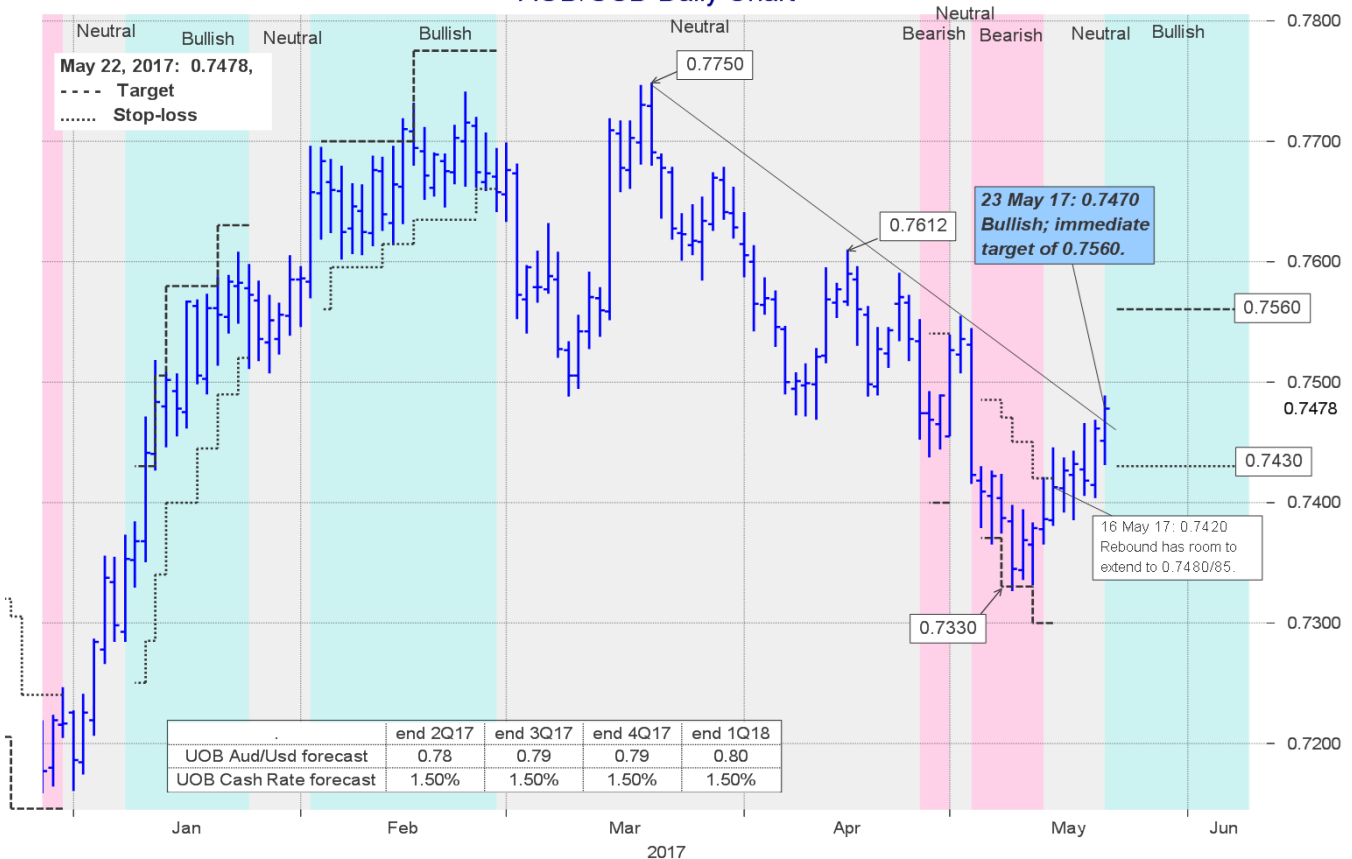
24-HOUR VIEW:

We indicated yesterday that “there is room for another push high to the major resistance at 0.7480/85”. In line with expectation, AUD rose to hit a high of 0.7489. Despite the pull-back from the high, the undertone is still supportive and the next major resistance at 0.7500 could be tested from here. That said, this is a rather strong level and based on the current momentum, a sustained break above this level seems unlikely for now. Support is at 0.7455 but the stronger level is closer to the low of 0.7435 seen early yesterday.

1-3 WEEKS VIEW:

Shift from neutral to bullish: Immediate target of 0.7560.
 We have held the same view since last Tuesday, [16 May](#) (spot at 0.7420) wherein we expected the recovery from the 0.7330 low to extend higher to 0.7480/85. We further reinforced this view in last Friday’s [Chart of the Day](#) update and noted that “a clear break above this level would indicate that AUD has moved into a bullish phase”. AUD hit a high of 0.7489 yesterday before closing on a strong note. The outlook for this pair has shifted to bullish with an immediate target of 0.7560. In the order to maintain current momentum, any short-term pull-back should not move below 0.7430.

AUD/USD Daily Chart



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

NZD/USD: 0.7000

Latest Flash Note: 11 May 17

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

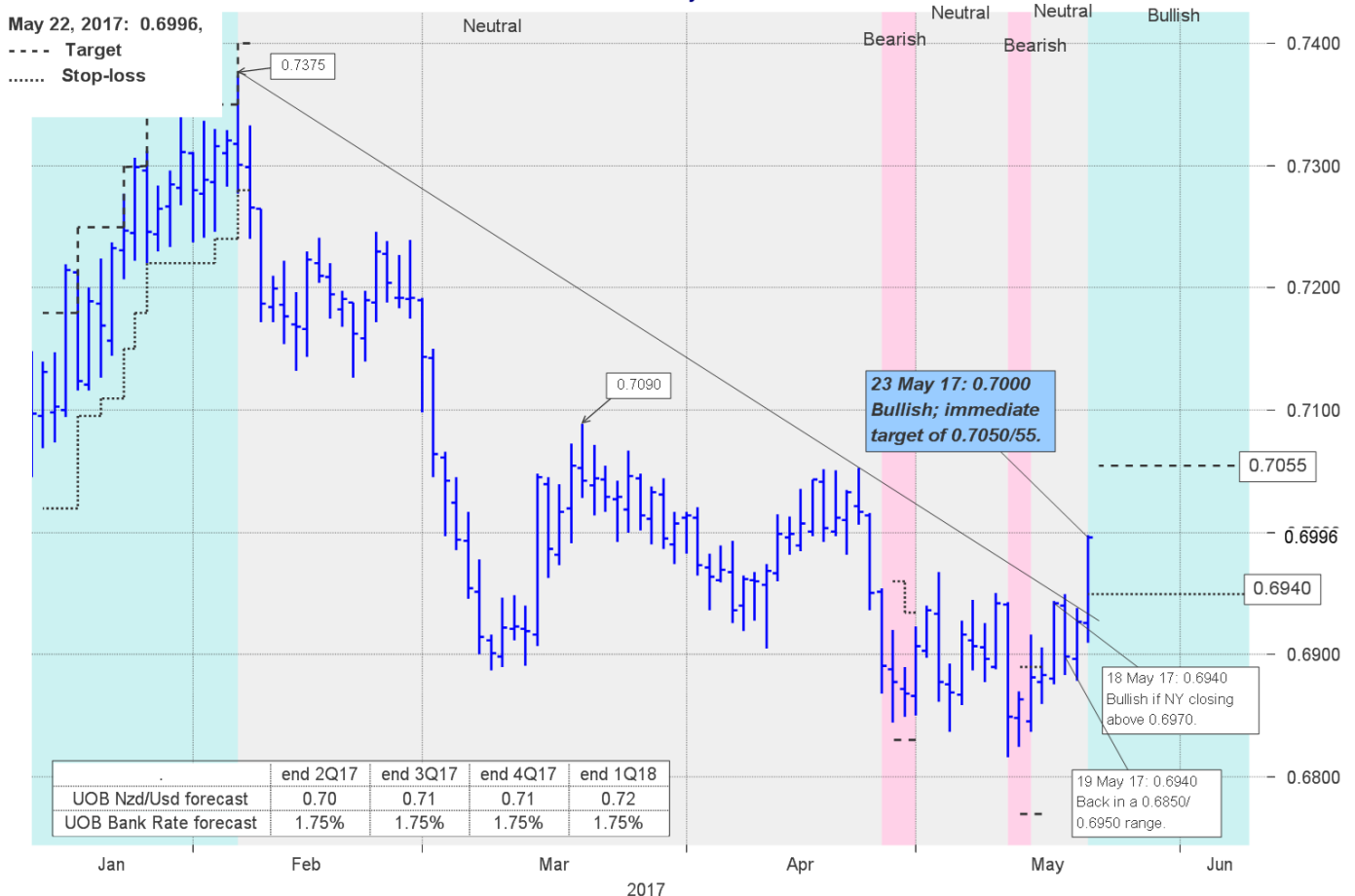
24-HOUR VIEW:

The anticipated NZD strength exceeded our expectation by easily taking out the strong 0.6970 resistance to hit an overnight high of 0.6998 before extending its gain after NY close to touch 0.7006. Momentum indicators are clearly bullish but the major 0.7050/55 resistance is likely out of reach for now (minor resistance at 0.7030). On the downside, support is at 0.6975 followed by 0.6950 (which is likely strong enough to hold for today).

1-3 WEEKS VIEW:

Shift from neutral to bullish: Immediate target of 0.7050/55.
While we highlighted the improvement in upward momentum yesterday and noted that "a daily closing above 0.6970 would indicate that a move towards 0.7050/55 has started", the sudden and strong surge higher came as a surprise. The outlook has clearly shifted to bullish and the immediate target is at last month's peak near 0.7050/55. Based on the rapid acceleration, a move beyond this level would not be surprising and would shift the focus to 0.7090. Stop-loss is at 0.6930.

Nzd/Usd Daily Chart



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

USD/JPY: 111.10

24-HOUR VIEW:

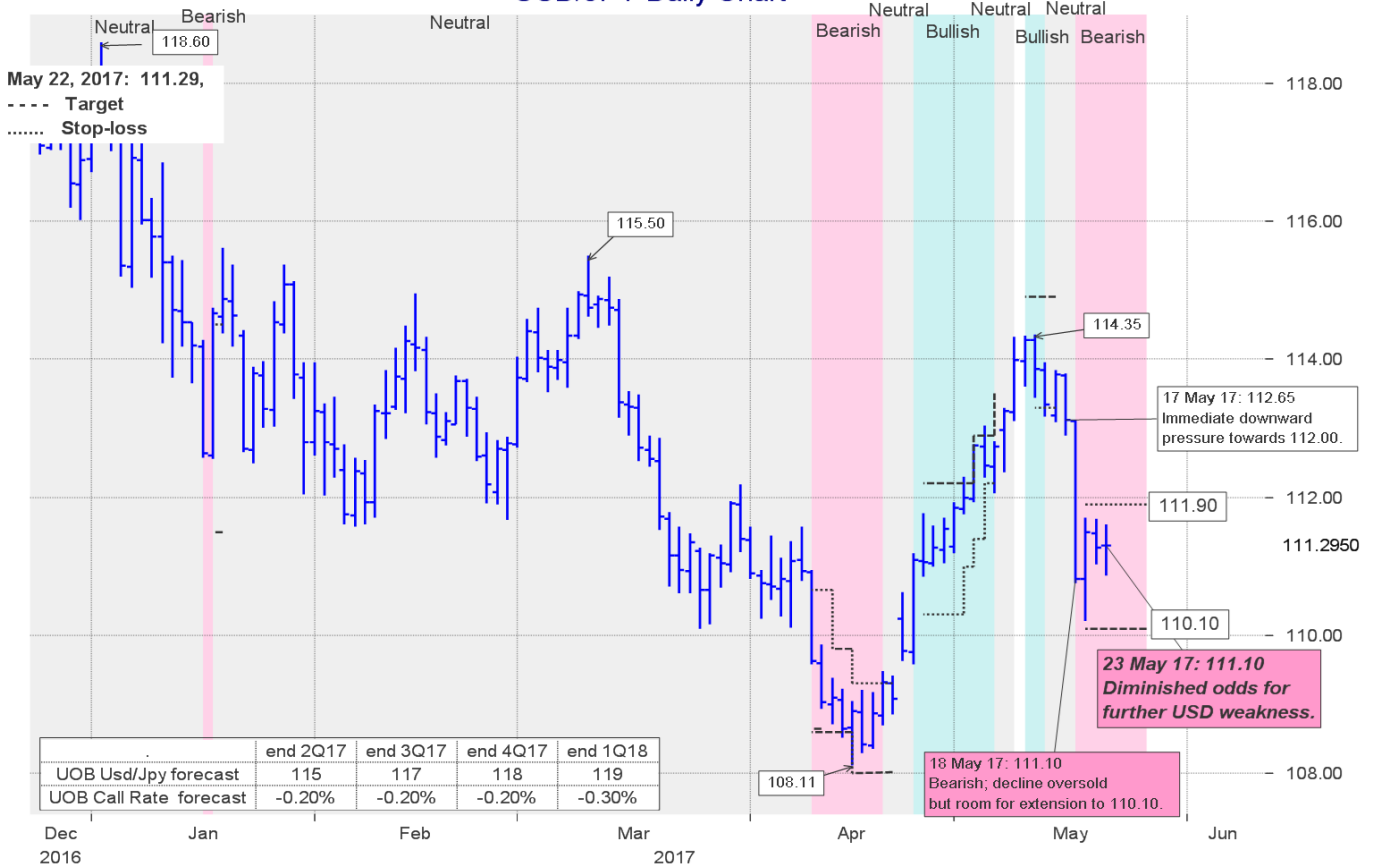
USD traded sideways as expected albeit at a narrower range than anticipated. The daily closing is on the weak side and downward momentum is ticking higher even though any weakness is expected to face strong support at 110.65 and last week's low near 110.20 is unlikely to be threatened for now. Resistance is at 111.50 but the key level is near 111.90.

1-3 WEEKS VIEW:

Bearish: Diminished odds for further USD weakness.

USD traded mostly sideways over the last couple of days and downward momentum is beginning to show signs of waning. That said, until 111.90 (stop-loss level unchanged) is taken out, another push lower towards 110.10 is not ruled out but based on the recent price action, the odds for such a move have diminished. Those who are short should consider taking partial profit on any approach near to 110.10.

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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