

Tuesday, 23 May 2017

FX Pulse

An Euro That Is “Too Weak”

The **USD's losing streak continued on Monday** with the greenback reversing earlier Asian gains in the European session to finish lower against most G10 peers. The dollar index DXY **sank to fresh 6-month lows of 96.80**, driven mainly by a higher EUR/USD. Raging euro bulls found yet another reason to buy despite short-term overbought conditions after German Chancellor Merkel said an **euro that is “too weak”** (together with low oil prices) contributed to Germany's trade surplus. **EUR/USD** jumped 0.3% to 1.1236 by NY close and continues to be well bid this morning. A run towards the key resistance at 1.1300 (U.S elections' day high) ahead of the G-7 leaders' summit later this week cannot be discounted.

GBP/USD continued to trade around the 1.30 level (range: 1.2966-1.3043) before closing at the figure at NY close Monday. Earlier this morning, newswires reported at least 19 killed and many others injured after a suicide bomber attack at a concert in the Manchester Arena in U.K. The Sterling Pound trades marginally lower at 1.2985. We **continue to favor a slight upside bias** to GBP/USD and remain participated via a bullish risk reversal.

NZD has been the standout outperformer in G10 overnight with the kiwi jumping 1% to 0.6996 on no news. This could be

positioning ahead of Thursday's NZ budget (expect higher budget surpluses) and Fonterra's 2017/18 milk forecast (expect higher revisions). Here, **NZD/SGD** (spot: 0.9715) looks interesting having completed at double bottom at 0.9575 overnight. A better buying opportunity awaits at 0.9670/85.

Today, **MYR** outperforms in Asia, appreciating beyond the psychological 4.3000 level to 4.2965 per USD (+0.2%). With the move, the MYR has topped a list of 23 emerging markets currencies compiled by Bloomberg in terms of volatility-adjusted returns, with a Sharpe ratio of 5.33%. In all, we still see a **lower USD/MYR** in the near term, with target of 4.2850 followed by 4.2750.

CURRENT FX PORTFOLIO

SPOT TRADE IDEAS						
Entry Date	Position	Entry	Target	Stop Loss	Comments	MTM (%)
OPEN POSITIONS						
22-Mar-17	Sell \$SNEER Proxy	100.00	98.50	101.00	-	+0.11% (99.89)
CLOSED POSITIONS						
Entry Date	Position	Entry	Exit	Exit Date	Comments	Return (%)
2-May-17	Long USD/THB	34.55	34.45	3-May	-	-0.28%
8-Dec-16	Short 12-mth SGD/IDR NDF	10,030	9,820	18-Apr	Top trade for 2017	+2.09%
3-Mar-17	Short JPY/SGD	1.2375	1.2400	16-Mar	-	-0.20%
9-Mar-17	Long USD/SGD	1.4175	1.4110	14-Mar	-	-0.45%
22-Feb-17	Short EUR/SGD	1.4975	1.4970 1.4840	6-Mar 27-Feb	Took partial profits at 1.4840 on 27-Feb	+0.46%
7-Feb-17	Long JPY/SGD	1.2615	1.2540	10-Feb	-	-0.59%
6-Feb-17	Short 1-mth USD/CNH outright	6.8300	6.8540	8-Feb	-	-0.35%
13-Jan-17	Long USD/SGD	1.4245	1.4140	26-Jan	-	-0.73%
11-Jan-17	Long AUD/SGD	1.0575	1.0690 1.0730	26-Jan 19-Jan	-	+1.27%
6-Dec-16	Long EUR/GBP	0.8430	0.8835 0.8650	18-Jan 16-Jan	Top trade for 2017	+3.70%
Total P/L for 2017						+4.92%

Target or Stop Loss levels which are revised today are highlighted in **BLUE**

OPTION TRADE IDEAS						
Entry Date	Position	Entry Rate	Exit Rate	Exit Date	Comments	MTM (%)
OPEN POSITIONS						
4-May-17	Bullish 3-mth 1.3150/1.2670 GBP/USD risk reversal	0.00% (1.2876)			-	+0.40% (1.2985)
CLOSED POSITIONS ¹						
Entry Date	Position	Entry Rate	Exit Rate	Exit Date	Comments	Return (%)
5-Dec-16	Bullish 1-yr 104.00/113.00/120.00 USD/JPY seagull	0.00% (113.40)	0.13% (111.16)	28-Apr		+0.13%
31-Jan-17	Buy 3-mth 1.4200/1.4600 USD/SGD call spread	0.85% (1.4192)	0.00% (lapsed)	27-Apr		-0.85%
18-Jan-17	Sell 3-mth 1.2000/1.2700 GBP/USD strangle	2.08% (1.2340)	0.00% (lapsed)	18-Apr		+2.08%
7-Dec-16	Bearish 6-mth 1.2350/1.3000 GBP/USD risk reversal	0.00% (1.2665)	1.69% (1.2340)	18-Jan		+1.69%
Total P/L for 2017						+3.05%



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