

AETOS Market Commentary

18/03/2019

AUDUSD

The Aussie rode modestly on Friday, closing at 0.7084(+17 pips) against the greenback. Most of the uplift in the AUD/USD on Friday occurred as Chinese markets opened, seeing the AUD/USD rise back towards the .7100 level as reports emerged that officials from the US and China had made “substantive progress on trade talks” in recent weeks. That news, helping to lift risk appetite among investors, helped to keep the AUD/USD supported on dips during the session. Mixed US economic data also helped the Aussie’s cause, seeing US bond yields and the greenback pullback a touch. In terms of domestic economic conditions in Australia, traditionally March is a seasonally strong month for Australia’s housing market, 2019 is different. While auction clearance rates have lifted from record lows struck late last year, they remain well below the levels of a year ago. Those weekly declines extended the price falls in Sydney and Melbourne since the start of the month to 0.6% and 0.5% respectively. Prices have also fallen 0.2% in Brisbane and Adelaide since the end of February. Mirroring the weekly result, prices in Perth have been flat so far in March.

Based on the chart above, the pair is currently trading below its 100SMA(Blue Line), as prices are still struggling to get past it. Based on the RSI, downside risk remains ample. Support and resistance set to 0.7072 and 0.7092.



AUDUSD 4 Hour Chart

EURUSD

The Euro rose on Friday, closing at 1.1323(+17 pips) against the greenback. This week brings a busy macroeconomic calendar ahead with updates on growth and monetary policy scheduled. Concerns about the Union's growth keeping demand for the EUR subdued. The shared currency, however, posted a modest advance, with the pair settling around 1.1330, as the Union's economic downturn made it unattractive. On Friday, the EU released unimpressive February inflation figures, up by 0.3% MoM and 1.5% YoY as expected. US Industrial Production and Capacity Utilization posted modest advances in February, up by 0.1% and 78.2% respectively, although the preliminary Michigan Consumer Sentiment Index for March beat expectations, jumping to 97.8 in March, falling short anyway on triggering dollar's demand by the end of the week. Monday will be light in terms of macroeconomic releases, as the EU will release January

Trade Balance while the US will unveil the NAHB Housing Market Index, both minor reports that usually don't affect the price. The week, however, will have plenty of macro-action, with the US Federal Reserve monetary policy meeting, fresh updates on EU growth in the form of Markit PMI, and more UK Parliamentary discussions on Brexit.

The pair the latest daily decline from 1.1419 to the yearly low set this March at 1.1175, the 61.8% Fibonacci retracement stands at 1.1330, a level that the pair has pressured since mid last week, but so far, capped the upside. The daily chart shows that the pair has spent the last three trading days seesawing around a directionless 20 DMA, while below bearish 100 and 200 DMA. Technical indicators in the mentioned chart hovered around their midlines, lacking directional strength, all of which keeps the risk skewed to the downside, although an upward corrective movement is not out of the cards, particularly if the pair can advance beyond 1.1375, now the immediate resistance.



EURUSD 4 Hour Chart

Major Economic Events happening this week (AEDT Time Zone)

Economic event (Date)	Previous	Forecasted	Actual
JP- Balance of Trade for Feb (18 March)	¥-1415B	¥310.2B	TBA
AU- RBA Meeting Minutes (19 March)	N/A	N/A	N/A
GB- Claimant Count Change for Feb (19 March)	14.2K	2.7K	TBA
DE- ZEW Economic Sentiment Index March(19 March)	-13.4	-11	TBA
GB- BOE Sharp Speech (20 March)	N/A	N/A	N/A
GB- Inflation Rate YoY for Feb (20 March)	1.8%	1.8%	TBA
US- Fed Interest Rate Decision (21 March)	2.5%	2.5%	TBA
US- FOMC Economic Projections (21 March)	N/A	N/A	N/A
GB- BOE Quantitative Easing (21 March)	£435B	£435B	TBA
GB- BOE Interest Rate Decision (21 March)	0.75%	0.75%	TBA
EA- Consumer Confidence Flash for March (22 March)	-7.4	-7.4	TBA
JP- Inflation Rate YoY for Feb (22 March)	0.2%	0.3%	TBA

*Pulled from Trading Economics website



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