

AETOS Market Commentary

21/03/2019

AUD/USD

AUD/USD traded as high as 0.7150 after the release of the much-anticipated dovish Fed Rate. The USD fell sharply against a basket of major currencies after the Federal Reserve held U.S. interest rates steady while policymakers also dismissed projections for further rate hikes this year as the central bank flagged an expected slowdown in the economy.

Although the forecast was dovish, it was definitely more dovish than expected. This acts as a major shift in their perspective because the Fed also announced it now expects to raise borrowing costs only once more through 2021, and no longer anticipates the need to guard against inflation with restrictive monetary policy.

AUD is now trading up 0.60% around 0.7130 ahead of key Australian employment data due at 11:30am AEST. The Market is looking for +14 K jobs and Unemployment to remain unchanged at 5.0% - A downside miss on the numbers will increase calls for RBA cuts in 2019.

Resistance at 100-day MA at 0.7160 with hourly support around 0.7080

The resulting bounce sees AUD/USD rally above the 10, 21 & 55-DMAs. Daily and monthly RSI is rising to give bull investors momentum, and the upward sentiment is increasing therefore, look to buy on short-term dips but be wary of the job number being released today.



AUD/USD 4H Chart

GBP/USD

After a two-day policy meeting that confirmed a switch in the Fed’s stance to a less aggressive posture, they also said it would slow the monthly reduction of its holdings of Treasury bonds.

In terms of the Sterling it struggled to take advantage of the news as the USD held its position against GBP, it seems investors are remaining cautious on Sterling longs due to Prime Minister Theresa May requesting a short delay to Brexit after her failure to get a divorce deal ratified.

Markets have largely priced out the chances of a no-deal Brexit but the uncertainty about how and when Britain will leave the EU continues to place a lid on any pound rallies.

The direction on GBP isn’t so clear as the 4H chart is showing strong resistance from recent highs at 1.3300-10, this resistance it is doing a good job to stop momentum where GBP literally

weakened into the close, ends session down 0.42% with a Wednesday range of 1.3271-1.3147.

With Brexit extension talks continuing, this pair is preferring the range, even after better than expected inflation numbers were released overnight, preferable to wait until further direction is certain.



GBP/USD 4H 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	¥339B
AU- RBA Meeting Minutes (19 March)	N/A	N/A	N/A
GB- Claimant Count Change for Feb (19 March)	14.2K	2.7K	27K
DE- ZEW Economic Sentiment Index March (19 March)	15	11.7	11.1
GB- BOE Sharp Speech (20 March)	N/A	N/A	N/A
GB- Inflation Rate YoY for Feb (20 March)	1.8%	1.8%	1.9%
US- Fed Interest Rate Decision (21 March)	2.5%	2.5%	2.5%
US- FOMC Economic Projections (21 March)	N/A	N/A	N/A
AU- Unemployment Rate (21 March)	5%	5%	-
AU- Employment Change (21 March)	39.1K	20K	-
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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