

## AETOS Market Commentary

22/03/2019

### AUD/USD

AUD/USD has failed to sustain the positive moves after Fed rates & AU jobs related gains, the shorts have triggered the selling. USD has recouped losses overnight based on perception that its peers are actually not doing any better - a case of the better of 2 evils.

The state of the global economy is taking risk off the table and raising concerns among central banks, if the slowdown continues at this rate there is a good chance of RBA policy easing by Q3 or Q4. There is no significant data being released today.



### AUD/USD Daily Chart

The recent rally has failed to break the 61.8% Fib of the 2019 low @ 0.7184, creating a bearish retracement towards support of 0.7085. The cap in the rally also sees AUD/USD back below the 55-DMA and near the 21-DMA. Long positions should be very cautious as RSI and daily candle

is suggesting a possible extension to the slide. Bears look to sell on short term rallies.

## **GBP/USD**

Overnight, the pound dived nearly 1% on growing fears of a "no-deal" Brexit, this was coupled with the U.S. dollar rebounding against a basket of currencies, recouping all its losses from the previous session. However the highlight is Brexit-related worries as it continues to hurt GBP, a timely distraction away from the surprisingly dovish Federal Reserve.

The dollar index, which measures the greenback against six major currencies including sterling, was up 0.75 percent to 96.476, interestingly Wednesday's fall caused a close below its 200-day moving average for the first time in more than 10 months.

European Union leaders are proposing a delay Brexit until May 22 at the very latest – but only if May can turn around massive parliamentary opposition and win lawmakers' backing next week for her withdrawal plan.

Also, the Bank of England kept interest rates steady which are further signs that no economy can withstand further increments to borrowing costs.

On the other hand, the recent FOMC decision will put the USD under pressure in the long-term as further declines in the economy are anticipated.



### GBP/USD Daily Chart

Heightened Brexit uncertainty and no-Deal Brexit odds weigh on GBP/USD. The pair is hovering around the 30-DMA (1.3100) support and a clear move below this puts bears firmly in control and opens the way for further downside towards the early 2019 low of 1.2409. Bulls need to regain 10-DMA to reassert control.

## 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%	4.9%
AU- Employment Change (21 March)	39.1K	20K	4.6K
GB- BOE Quantitative Easing (21 March)	£435B	£435B	£435B
GB- BOE Interest Rate Decision (21 March)	0.75%	0.75%	0.75%
EA- Consumer Confidence Flash for March (22 March)	-7.4	-7.1	-7.2
JP- Inflation Rate YoY for Feb (22 March)	0.2%	0.3%	TBA

\*Pulled from Trading Economics website



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