

AETOS Market Commentary

29/03/2019

AUDUSD

The Aussie fell by a margin on Thursday, closing at 0.7080(- 2 pips) against the greenback. The commodity currency had a quiet session on Thursday, lifting modestly during the Asian and European trade before giving back ground in the later sessions. After beginning the session at .7084, the AUD/USD lifted to as high as .7106 in European trade, helped in part by reports earlier in the session about further progress in trade negotiations between China and the United States. However, that move was reversed over the course of North American trade as the US dollar strengthened, perhaps helped by a modest lift in US bond yields after falling heavily a session earlier. The rebound in the greenback and US bond yields came despite news that US Q4 GDP was revised down to show an annualized increase of 2.2%, down from the prior estimate of 2.6% and 2.4% level expected. In Australia, the RBA will release private sector credit figures for February at 11.30am AEDT. All interest will be on the housing component, not only because it has been very weak recently but also because it tends to lead movements in home prices by around six months.



AUDUSD Daily Chart

Based on the chart above, the pair is struggling to close above its 38.2 Fib retracement level(January to February bullish run), providing further risk to downside as the next retracement is roughly about 40 pips below the current market rate.

EURUSD

The Euro weakened on Thursday, closing at 1.1228(-23 pips) against the greenback. EUR/USD pair fell to 1.1213, its lowest since bottoming for the year at 1.1175 earlier this month, undermined by data reaffirming that the global economic slowdown steepened at the end of Q1 2019, and the Brexit chaos, all of which ended up benefiting the greenback. The European Commission released the March Economic Sentiment Index, which resulted at 105.5, below the previous 106.2 and the expected 105.9. Consumer Confidence as measured by the same organism, came in at -7.2 as expected, with February reading downwardly revised to -7.4. German preliminary March inflation came in below the market's expectations, up by 0.6% MoM and 1.5% YoY when harmonized to the EU. The figures exacerbated EUR's decline, despite US data was far from encouraging, as the final version of Q4 GDP printed 2.2%, below the previous 2.6% and the expected 2.4%. In fact, the slower growth of the world's largest economy at the end of 2018 just reaffirmed the ruling fears. Besides that, the US released weekly unemployment claims for the week ending March 21, down to 211K, while February Pending Home Sales declined by 1.0% MoM, well below the 0.7% advance expected. This Friday, the most relevant releases will be the German Retail Sales, seen down in February by 0.9% MoM, and US core PCE for January, although given that this last is quite old due to the partial government shutdown, the effect on the market may be limited. The US will also release the final version of the Michigan Consumer Sentiment Index, expected to be confirmed at 97.8.



EURUSD 4 Hour Chart

The pair bounced modestly from the mentioned low, maintaining the overall weak tone. Technical readings in the 4 hours chart show that the decline is far from over, given that the 20 SMA has extended its decline further below the larger ones and below a key Fibonacci level, the 61.8% retracement of the latest daily rally between 1.1175 and 1.1447 at 1.1280, while technical indicators have recovered just modestly from their daily lows, still well below their midlines. The pair has room to extend its decline beyond the yearly low of 1.1175, should the ongoing sour sentiment persist.

Major Economic Events happening this week (AEDT Time Zone)

Economic event (Date)	Previous	Forecasted	Actual
DE- Ifo Business Climate (25 March)	98.7	98.5	99.6
DE- GFK Consumer Confidence (26 March)	10.7	10.8	10.4
CA- Balance of Trade for Jan (27 March)	C\$-4.82B	C\$-3.5B	C\$-4.25B
US- Balance of Trade for Jan (27 March)	\$-59.9B	\$-57B	\$-51.1B
EA – Business Confidence (28 March)	0.69	0.66	0.53
DE- Inflation Rate YoY Prel March (29 March)	1.5%	1.6%	1.3%
US- Pending Home Sales YoY (29 March)	-2.6%	2.5%	-4.9%
GB- GFK Consumer Confidence for March (29 March)	-13	-14	TBA

*Pulled from Trading Economics website



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