

AETOS Market Commentary

09/04/2019

AUDUSD

The Australian dollar rose on Monday, closing at 0.7121(-22 pips) against the greenback. The Australian dollar rose against most major currency pairs on Monday, helped by firmer commodity prices and broad-based US dollar weakness. After finishing at .7105 on Friday last week, the AUD/USD rose to as high as .7131 during the session before eventually closing at .7126. Modest gains were also seen across all other major pairs except the Canadian dollar which benefited from crude oil prices surging to new five-month highs. Iron ore prices also helped to boost the Aussie with low and mid-tier grades both closing at fresh five-year highs on Monday. More broadly, the main theme of the session was broad-based US dollar weakness. However, as for the reason why the greenback softened, there were plenty of possible explanations offered by analysts but no definitive answer. Some put it down to a lift in risk aversion, although that doesn't explain the buying in the safe-haven Japanese yen against the greenback during the session, while others said it may reflect adjustments to market positioning ahead of the release of several key central bank releases in the coming days. In Australia, housing finance data for February released at 11.30am AEST will be the highlight for the local session. Markets are looking for the value of owner-occupier finance to lift by 1%, helping to offset an expected 0.5% further decline in investor finance.



AUDUSD 4 Hour Chart

Based on the chart above, the Aussie is currently in a range in the 4 hour chart, short term outlook for the pair appears to be bearish as the pair has reached the upper side of the Bollinger band. Support and resistance currently set to 0.7109 and 0.7131.

EURUSD

The Euro closed higher on Monday, closing at 1.1255(+37 pips) against the greenback. Main factor for the rise in the Euro was due to the decreased in demand for the greenback. The American currency spent the day under selling pressure, recovering just modestly later in the day. The pair is now trading at around 1.1260 ahead of the Asian opening and the most relevant Wednesday, when the ECB will have its monetary policy meeting and the Fed will unveil the Minutes of the latest meeting. Asian equities started the day on a strong footing after Beijing published a document saying it would step up a policy of targeted cuts to banks' RRR to encourage financing for small businesses. The positive momentum of stocks markets faded early Europe, with local indexes ending the day mixed and US ones in the red, weighed by a dismal US macroeconomic figure. US Factory Orders fell in February by 0.5%, better than the 0.6% decline expected, although down for a fourth consecutive month, fueling fears of slowing economic growth. EU data, on the other hand, was better-than-expected, as the German trade balance showed a surplus of €17.9B in February 2019, although exports were down 1.3% and imports 1.6%, both when compared to January. The Sentix Investor Confidence index for April in the Union, resulted at -0.3, improving from -2.2. Tuesday will bring minor US macroeconomic releases with nothing relevant in the Union.



EURUSD 4 Hour Chart

EUR/USD pair broke above 1.1245, a strong static level. The next resistance comes at around 1.1285. The pair is technically bullish according to readings in the 4 hours chart, as it also advanced sharply above a now bullish 20 SMA. Technical indicators in the mentioned chart have extended their advances to fresh April highs, the Momentum maintaining its strength, but the RSI losing strength as it approaches overbought territory. Nevertheless, the risk is now skewed to the upside with a break above 1.1285 favoring an extension toward the 1.1340/50 price zone.



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