

## AETOS Market Commentary

11/04/2019

### AUDUSD

The Aussie rose strongly to new highs, closing at 0.7165 (+39 pips). The Australian dollar rose strongly across the board on Wednesday, helped by the release of a soft US core inflation report for March and reduced odds of a near-term interest rate cut from the Reserve Bank of Australia (RBA). Two main catalysts helped the push the Aussie higher during the session. The first was a speech from RBA Deputy Governor Guy Debelle who pushed back against growing market expectations that the bank will deliver a near-term cut to Australia's cash rate. Debelle's speech helped the Aussie to bounce from losses earlier in the session, helping to lift the AUD/USD back above the .7150 level in early European trade. The Aussie was given a further boost by the release of a soft US core consumer price inflation report for March. There's nothing on the domestic calendar in Australia with Chinese consumer and producer price inflation figures for March the only regional release that will attract any real attention from traders. CPI is expected to jump to an annual pace of 2.3%, up from 1.5%, while producer prices look set to lift by 0.4% over the year from 0.1% in February. Much of the strength in CPI is expected to be in food prices, especially those for pork.



### AUDUSD 4 Hour Chart

Based on the chart above, RSI indicates that the pair is reaching an overbought condition, short traders will be waiting for a correction. However, traders should be aware of the Chinese inflation data that is scheduled to release at 11:30 AEDT, as the AUD might climb on Chinese CPI as equities rally in Asia.

## EURUSD

The Euro made gains on Wednesday, closing at 1.1275(+10 pips) against the greenback. On Wednesday, as widely expected, the European central bank left interest rates unmoved in negative levels and didn't provide fresh forecasts. However, ECB President Mario Draghi repeated that the risk remains tilted to the downside and that rates will remain low throughout this year, or as long as needed. He also noted that the economic slowdown will likely continue this year and that the risk of recession for the eurozone remains low. However, the sole mention of that word hit hard the EUR. Policymakers will consider whether preserving negative interest rates requires the mitigation of their possible side-effects, if any, on banks, another line that bulls didn't like. The pair, previously hit a fresh April high at 1.1287, following US March inflation data, up by 0.4% MoM and by 1.9% YoY, above the market's expectations, although the core yearly inflation resulted at 2.0% easing from 2.1% previously. The American currency came under selling pressure as Wall Street failed to capitalize and early advance, and ahead of the release of the latest FOMC Meeting's Minutes. The document showed that policymakers confirmed the 'patient' stance recently adopted, while a Majority saw rates on hold through this year. The document provided little new but gave the greenback a modest lift. This Thursday, the macroeconomic calendar will include German March inflation, seen unchanged at 1.4% YoY, when harmonized with the EU. The US will publish March PPI figures, weekly unemployment claims, and a couple of Fed's speakers



### EURUSD 4 Hour Chart

In the 4 hours chart, technical readings give a mixed signal, as the price is hovering around its 100 SMA(Blue Line) and holding above a bullish 20 SMA(Turquoise Line), but below the 200 SMA(Red Line). The Momentum indicator eases within positive levels, while the RSI indicator consolidates around 60. Overall, the technical picture indicates that bulls are stronger than bears at the time being, but are still struggling for a reason to buy the common currency.



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