

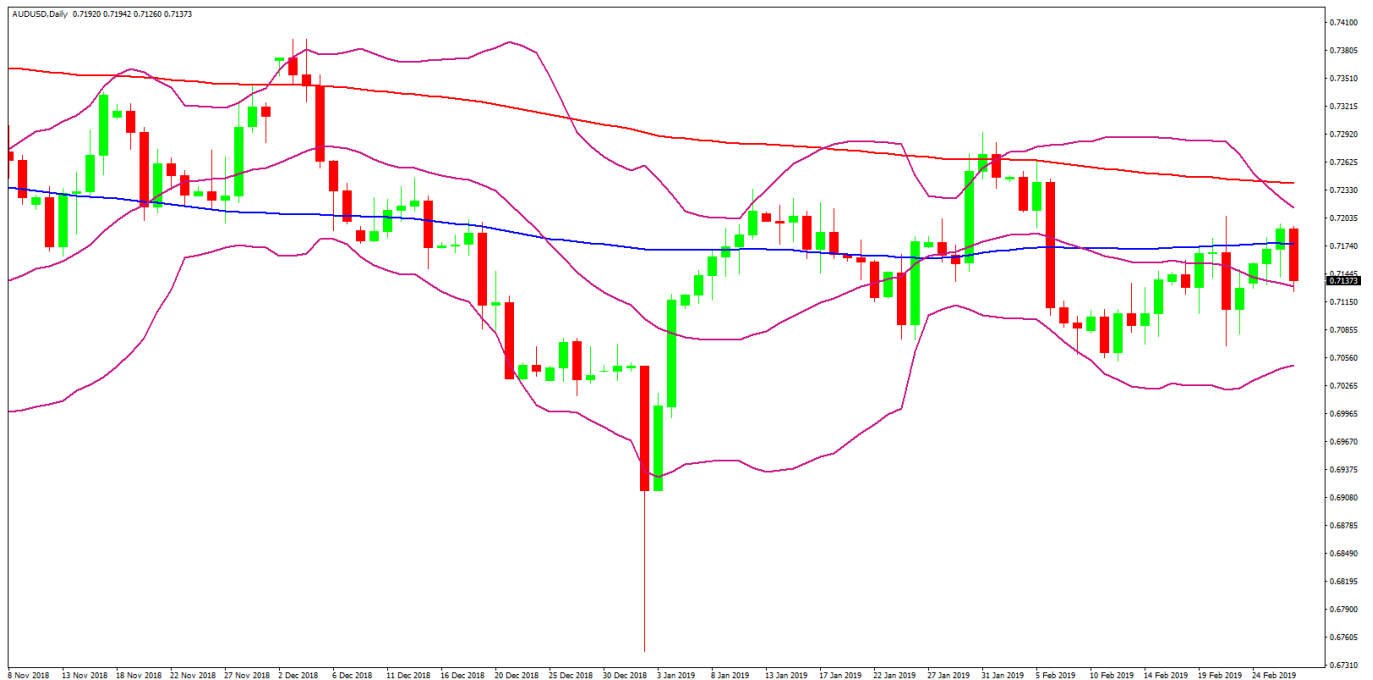
## **AETOS Market Commentary**

28/02/2019

### **AUDUSD**

The Aussie fell on Wednesday, closing at 0.7138(-54 pips) against the greenback. Renewed uncertainty about US-Sino trade negotiations were the main driving factor behind such weakness for the Aussie. Turning to the day ahead, it will be a busy one for Aussie dollar traders with two key releases set to arrive midway through the Asian session. The first is Australia's Q4 CAPEX report at 11.30am AEDT, the latest data release that completes the whole of Australia's Q4 GDP. The CAPEX report is a leading indicator that it measures both investment that's occurred in the past and what's expected in the future. Given weakness in the GDP inputs received so far, traders will be paying attention to this data more. Alongside the CAPEX report, the Reserve Bank of Australia (RBA) will also release private sector credit figures for January. As is often the case, most attention will be on the housing components given the link between credit growth and home prices. With business confidence and conditions also softening in early 2019, business credit will also be of interest.

## AUDUSD Daily Chart

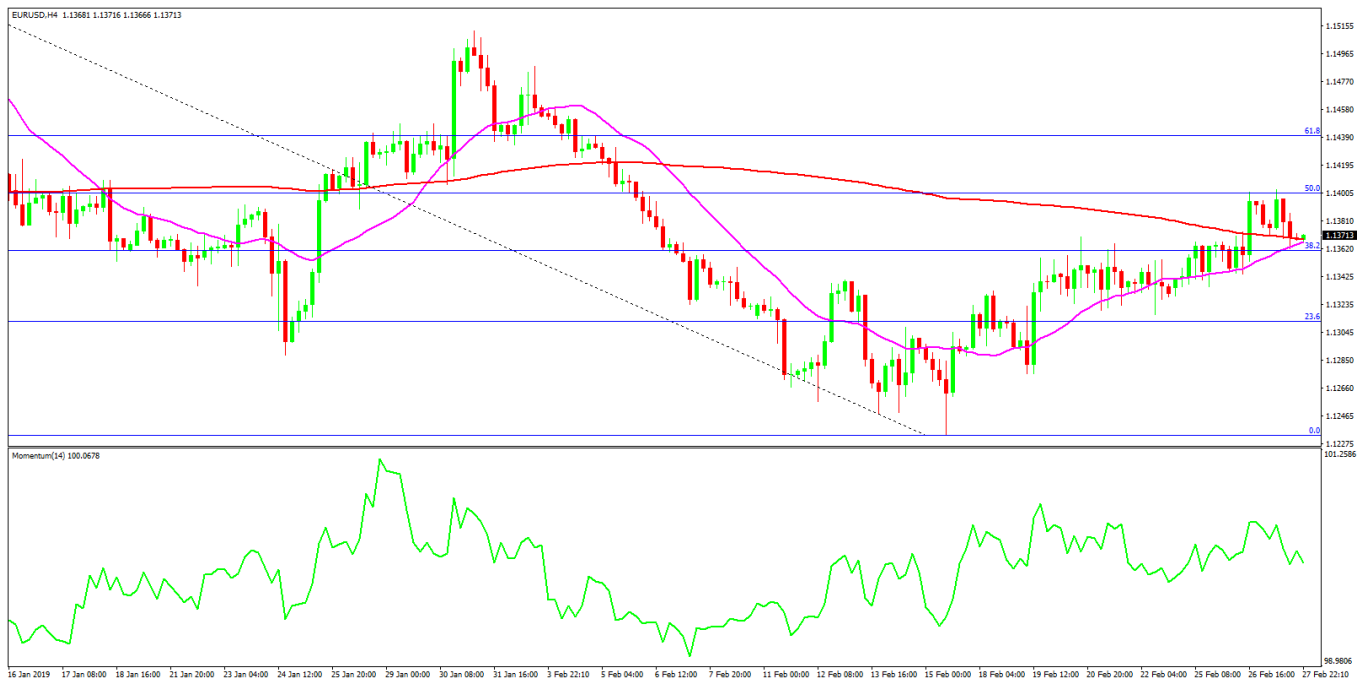


Based on the chart above, the pair managed to close below its 100 SMA(Blue Line) but is finding resistance as it approaches the middle of the Bollinger Band (20 SMA). For today, the Aussie currency will be trading off the data releases scheduled.

## EURUSD

The Euro fell on Wednesday as well, closing at 1.1371(-21 pips). The EUR/USD pair spent the first half of this Wednesday consolidating at the higher end of its weekly range, just below the 1.1400 level, unable to break above it despite the greenback's softer tone. On the fundamental note, Brexit and the US-China trade war are at the top of the list, but not alone. Slowing economic growth and central bankers turning cautious and becoming much more dovish add to the whole picture. Regarding the latest on the trade war front, US Trade Representative Lighthizer said that much still needs to be done to reach an agreement with China. "This administration is pressing for significant structural changes that would allow for a more level playing field," not as optimistic as Trump's comments earlier this week. US Fed's head, Powell, testified before a special Senate committee, adding to what he said yesterday that the central bank would be announcing something on the balance sheet plan "fairly soon." The greenback recovered in the American as equities trim early gains, helped by a 4.6% monthly advance in Pending Home Sales, offsetting the poor housing figures released Tuesday. Factory Orders, however, posted a modest 0.1% advance vs. the 0.5% expected. There are multiple macroeconomic releases scheduled for both economies this Thursday, with German preliminary inflation for February and US preliminary Q4 GDP being the most relevant ones. This last is expected to print a 2.3% quarterly growth from a Q3 reading of 3.4%.

## EURUSD 4 Hour Chart

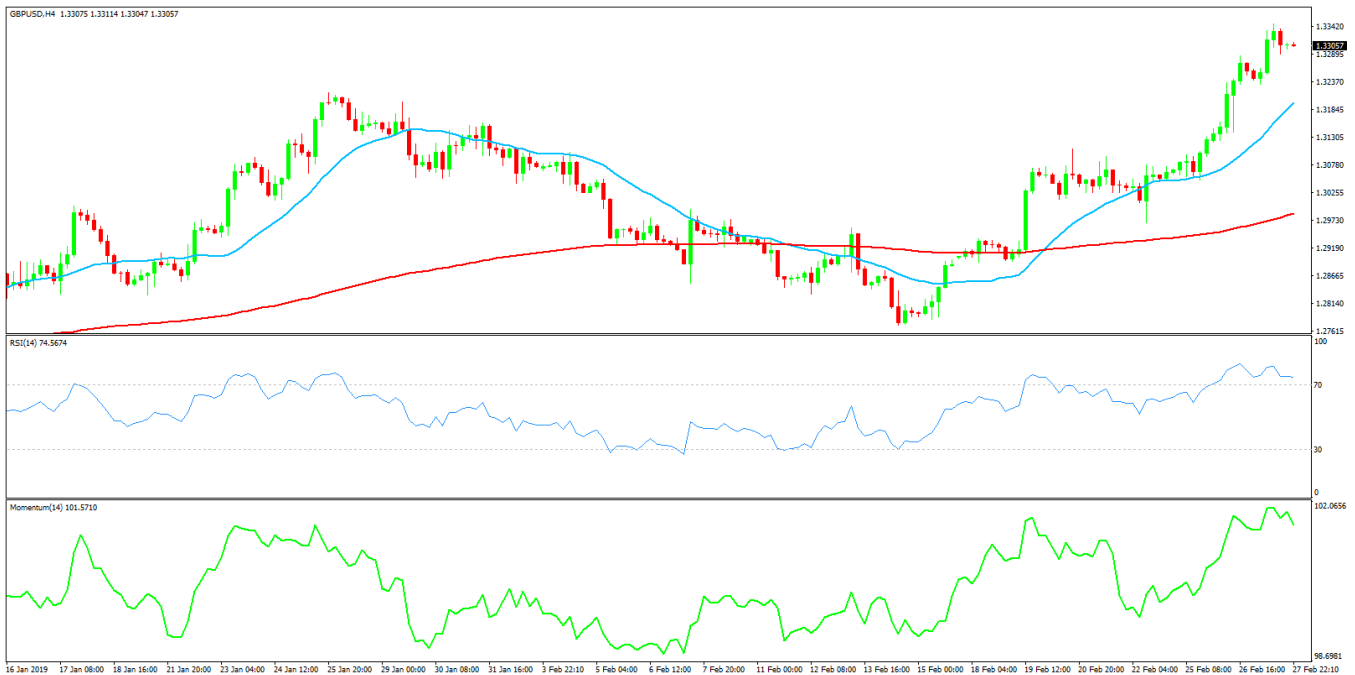


Based on the 4 hours chart above, the bull traders got discouraged following another failed attempt to extend gains beyond 1.1400. It is heading into the Asian opening above such a low, but below 1.1375, the 50% retracement of the 1.1513/1.1233 slide. In the same chart, the price retreated below the 200 SMA(Red Line), although the price holds above a bullish 20 SMA(Magenta Line), which provided intraday support. Technical indicators have turned sharply lower but so far hold within positive territory. The main support is 1.1340, the next Fibonacci support, with the short-term bearish case becoming more solid on a break below it.

## GBPUSD

The Pound strengthened against the greenback on Wednesday, closing at 1.3306(+48 pips), as Prime Minister Theresa May is open about the possibilities of delaying the Brexit date by about 3 months. This sent speculative interest to price in lesser chances of a hard Brexit. A meaningful vote on this matter is scheduled for mid-March. The pair held above the 1.3300 level despite the greenback gained some traction during the last trading session of the day, ahead of the Parliamentary vote on several new amendments. The most relevant one was the so-called Cooper amendment, that states that if MPs vote to delay Brexit, the government should seek for an extension from the EU and bring forward legislation to change, in law, the date of Brexit. This last was approved by 502 to 20 votes, although market's reaction to it was limited, as PM May has already stated it will support it. There was no reaction on GBP/USD afterward.

## GBPUSD 4 Hour Chart



Based on the chart above, the pair opens above the 1.3300 figure, extremely overbought short-term, but with no signs of aims of changing course. In the 4 hours chart, the Momentum indicator keeps heading higher and in fact above its previous weekly high, while the RSI indicator eased just modestly, now consolidating around 79. The 20 SMA(Blue Line) continues heading firmly up, moving away from an also bullish 200 EMA(Red Line), another sign of further upward potential ahead

### **Risk Disclaimer**

The information above is of general nature only and does not take into consideration your objectives, financial situation or investment needs. The products and services provided are issued by AETOS Capital Group Pty. Ltd. (AFSL: 313016, ACN: 125113117). Trading Forex margin and CFDs carries a high level of risk, and losses can exceed your deposits. You are strongly recommended to seek independent financial advice before you make an investment decision. Please refer to our Product Disclosure Statement which you can obtain from our website for more details. AETOS has the ownership of the contents of this FX commentary. Copying, reprinting or publishing to a third party is not permitted.