

## AETOS Market Commentary

01/03/2019

### AUDUSD

The Aussie fell heavily for the second straight session, closing at 0.7097(-49 pips) against the greenback on Thursday. Stronger than expected US GDP Growth in late 2019 was the main factor behind the fall of the commodity pair. Despite the positive remarks from Larry Kudlow, Donald Trump's chief economic adviser, that progress in trade negotiations has been 'terrific', there was not much reaction to that. After opening the session at .7138, the AUD/USD inched higher in early Asian trade, supported initially by a stronger-than-expected lift in Australian business investment intentions for the financial year ahead. Yet, after touching a daily high of .7165, the Aussie gave back all those gains — and more — following the release of China's official manufacturing PMI for February, revealing activity levels deteriorated at the fastest pace in nearly three years. News that the summit between US President Donald Trump and North Korean leader Kim Jong Un concluded abruptly without any further progress on nuclear disarmament also did little to help the Aussie's cause, raising renewed concern that progress in US-Sino trade negotiations could also suffer a similar fate. For what's scheduled on the data front today, at 10am AEDT, CoreLogic will release its February Home Value Index for February with another chunky fall expected, albeit not a large as those seen in the previous two months. Outside of Australia, most interest will be on the China manufacturing PMI from IHS Markit that will arrive at 12.45pm AEDT. This survey is conducted by a private firm, rather than the Chinese government, and tends to focus more on smaller manufacturing firms. In the government's PMI

report for February released on Thursday, activity levels at smaller manufacturers were particularly weak.

## AUDUSD Daily Chart

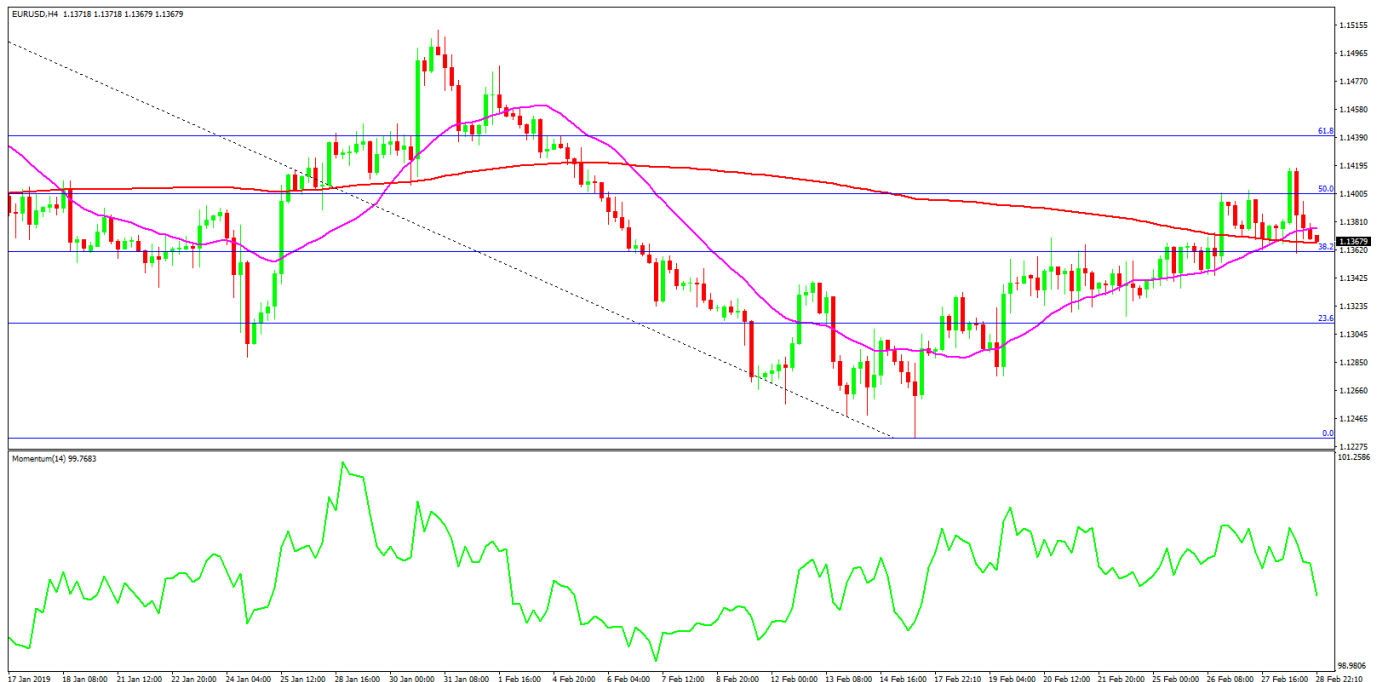


Based on the chart above, the pair is currently trading below all of its Moving Average, suggesting a bearish momentum in the short term. As price breaks below the 0.7100 price level, the next target for the pair is the 0.7030 support level. On the upside, resistance are at 0.7130, 0.7150 and 0.7200.

## EURUSD

The Euro weakened to 1.1369(-9 pips) against the greenback on Thursday. Risk aversion took over the financial world at the beginning of the day, following news that the US and North Korea were unable to reach an agreement on denuclearization after NK demanded the end of sanctions to no avail. Equities fell, the JPY and the CHF appreciated, and given that risk-off was triggered by the US, the greenback came under selling pressure, resulting in the EUR/USD pair hitting 1.1419, its highest in almost a week. German preliminary February inflation helped the shared currency, advancing to 1.6% YoY vs. the previous 1.4%. Italy and Spain also released CPI data, and while they hardly have an effect on price action, the figures were soft, therefore further denting hopes the ECB will be able to hike rates later this year. The dollar, however, managed to recover the ground lost as US economic growth slowed by less than feared in Q4, with the preliminary estimate of GDP printing 2.6%, above the 2.4% expected. Quarterly core PCE also resulted upbeat, printing 1.7%. The news overshadowed a poor report on jobs' as weekly unemployment claims for the week ended February 23 increased to 225K. The American currency also got support from comments from US advisor Kudlow, who said that "fantastic" progress was made last week between China and the US. This Friday will bring the final versions of February Markit Manufacturing PMI for both economies, the EU preliminary February inflation, seen at 1.5% YoY, and the US December income and spending data.

## EURUSD 4 Hour Chart



In the 4 hours chart above, EUR/USD pair trades around 1.1380, holding on to a positive technical stance according to intraday readings, giving that, in the 4 hours chart, the pair continues developing above all of its moving averages, and with the 20 SMA(Magenta Line) crossing above the larger ones. Technical indicators eased from their highs before losing directional strength, anyway consolidating within positive territory. The pair briefly surpassed a major Fibonacci resistance at around 1.1410, with renewed buying interest above it exposing the 1.1460 level, a long-term static resistance.

## Major Economic Events happening this week (AEST Time Zone)

Economic event (Date)	Previous	Forecasted	Actual
DE- GFK Consumer Confidence for March(26 February)	10.8	10.8	10.8
US- Fed Chair Powell Testimony (27 February)	N/A	N/A	N/A
EA- EA Business Confidence (27 February)	0.69	0.63	0.69
CA- Inflation Rate YoY for Jan (28 February)	2%	1.4%	1.4%
GB- GFK Consumer Confidence for Feb (28 February)	-14	-15	-13
CN- NBS Manufacturing PMI for Feb (28 February)	49.5	49.5	49.2
DE- Inflation Rate YoY Prel for Feb (1 March)	1.4%	1.5%	1.6%
US- GDP Growth rate QoQ Q4(1 March)	3.4%	2.4%	2.6%
CN- Caixin Manufaccturing PMI for Feb (1 March)	48.3	48.7	TBA
JP- Consumer Confidence for Feb (1 March)	41.9	41.6	TBA
US-Personal Income MoM (2 March)	0.2%	0.4%	TBA

\*Pulled from Trading Economics website

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