

18 March 2019

The dovish syndrome

Markets expect central banks to remain patient for the most part of this year.

**Chart of the week: EURUSD**

All eyes on this Wednesday's Fed meeting as Chairman Powell & co are expected to give an update on the monetary outlook. Without a breakthrough on either Brexit or trade talks, we can expect the same old patient attitude, much at the dollar's expense.

Selling pressures are mounting as we approach the **1.1400** resistance level. **1.1300** is the immediate support to look for.

Trades of the week

GBPUSD: Cable is yet to get out of its roller coast this week. The British parliament has voted to support a delay in Brexit, with a new deadline likely to be set to late June. The ball is now in the EU's court to see whether it is worthwhile to extend Article 50 but officials have stressed there need to be a good reason to keep kicking the can down the road. Prime Minister May will struggle once again to come up with amendments, but markets stay optimistic that something more radical like a second referendum could be around the corner. **1.3070** around the 30-day moving average is a key support for any correction.

Gold: Bullion has recovered steadily from its long-due correction. Bullish sentiment still reigns as fundamentals lean towards risk-off. Recent US job data have proven to be disappointing, casting a doubt on the solidity of the economy. China has signalled slowdown in its economy, which could only add fuel to the fear gauge. The precious metal may find strong support from risk averse investors. A break above **1310** could send the price to 1325. On the downside, **1290** is a key support to maintain the bullishness.

Brent: The oil price was off its 3-week high as softening demand put traders in cautious stance. President Trump has stated that he was in 'no rush' to seal a deal with China. With trade talks dragging on, markets will face strong headwinds. However, OPEC+ has cut 1.2 million barrels per day (bpd) in crude supply and continued reduction effort would provide enough floor in case of pullbacks. **68.2** is a major hurdle before an extended rally.

Key data release

Tuesday, 19 March

- 00:30 🇦🇺 RBA meeting minutes
- 08:30 🇬🇧 UK unemployment rate
- 09:30 🇬🇧 UK average earnings
- 23:50 🇯🇵 BOJ meeting minutes

Wednesday, 20 March

- 18:00 🇺🇸 US FOMC
- 21:45 🇳🇿 NZ GDP

Thursday, 21 March

- 01:30 🇦🇺 AU unemployment rate
- 07:30 🇨🇭 SNB rate decision
- 12:00 🇬🇧 BOE rate decision

Friday, 22 March

- 09:00 🇪🇺 Eurozone composite PMI
- 12:30 🇨🇦 Canadian retail sales
- 🇨🇦 BOC CPI core