

## Daily Market Outlook

4 December 2019

### Market Themes/Strategy - USD foiled by Trump

- Amid heightened US-Sino trade tensions (Trump indicated that a trade deal may have to wait till **after** the November 2020 Presidential elections), the USD continued to weaken across G10 space for a 2<sup>nd</sup> consecutive session.
- The **AUD** also found marginal support after the **RBA** noted that some global risks have lessened. **However, sustained AUD resilience from hereon may be suspect given renewed Sino-US trade uncertainty.**
- With risk aversion picking up, UST yields tanked (UST and bund curve bull flattened), gold firmed, while global (including EM) equities dislocated lower on Tuesday. As a consequence, the **FXSI (FX Sentiment Index)** jumped into Risk-Neutral territory from Risk-On territory on Tuesday.
- **In the near term, although impeachment headlines are currently having little discernible impact, the USD may remain vulnerable (especially via the USD-JPY) on global trade tensions (including the US vis-à-vis the EU and Latin America).** In addition, the antipodeans may also be expected to eventually succumb to dimmer growth prospects if global trade uncertainty remains protracted. On the data front, look also to the stream of global services/composite PMIs today.

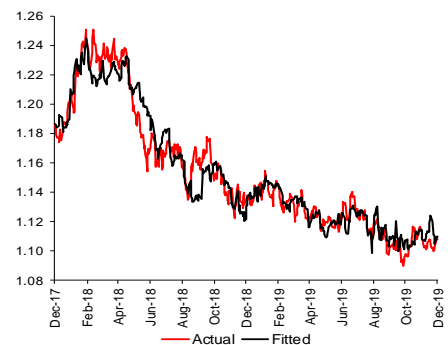
Treasury Research  
Tel: 6530-8384

## Daily Market Outlook

4 December 2019

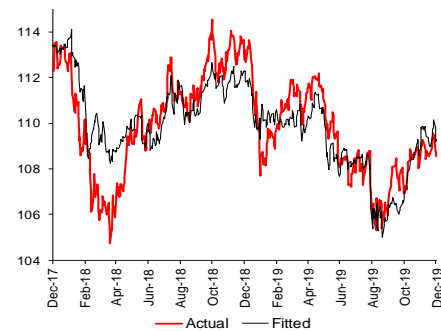
### EUR-USD

**Stabilizing.** Short term implied valuations are stabilizing and the EUR-USD may seek out 1.1100 with interim support seen at 1.1070 and then at 1.1050. A heavy ECB appearance schedule today may also present further headline risks.



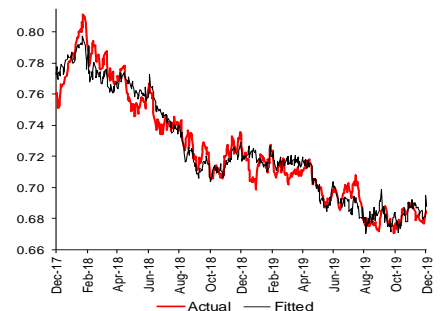
### USD-JPY

**Topping out.** Short term implied valuations have turned lower for now and USD-JPY may continue to gravitate towards the 55-day MA (108.42) if risk aversion deepens. The 200-day MA (108.89) now functions as a resistance.



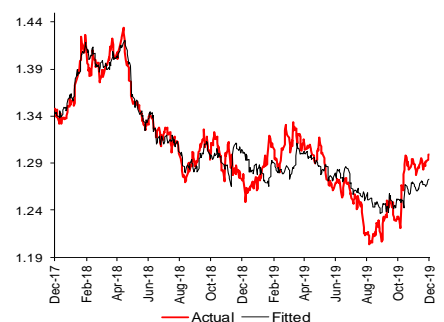
### AUD-USD

**Likely top heavy.** Short term implied valuations blipped higher on Tuesday but have since capitulated lower into today's session. Look to fade upticks and expect a cloud of resistance into 0.6850/70 and with risks towards the 55-day MA (0.6806) and 0.6800 instead.



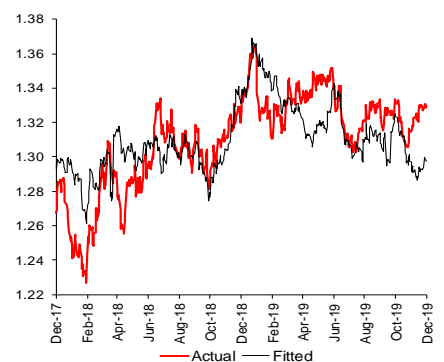
### GBP-USD

**Range bound.** The latest resilience in the GBP-USD has been a byproduct of inherent USD weakness and still supportive headlines from election opinion polls. Expect the pair to continue to push the envelope at 1.3000/15.



### USD-CAD

**Supported.** USD-CAD may remain conflicted within 1.3260-1.3340 with background USD softness seen capping the pair in the near term. As has been the case in recent sessions, the 200-day MA (1.3281) may continue to serve as a near term nexus ahead of the **Bank of Canada** rate decision at 1500 GMT.



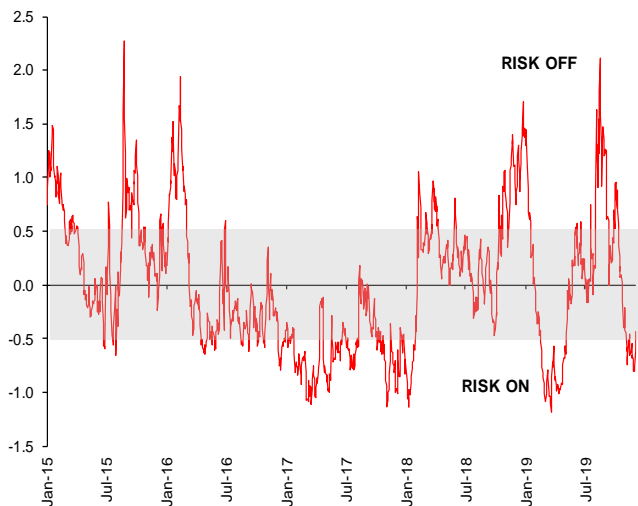
## Daily Market Outlook

4 December 2019

### Asian Markets

- USD-Asia:** USD-CNH surged higher on Tuesday and against the backdrop of negative equities and wider EM risk premiums, expect investors to remain distinctly cautious. Watch also for cues from China's November composite/services PMIs this morning.
- USD weakness within G10 is not expected to translate into the Asian complex with USD-Asia likely to pull higher instead. Note that the US House has also voted to sanction China officials over human rights abuses with markets now on the lookout for any reaction out of China.
- USD-SGD:** USD-SGD continued to sink on Tuesday on the back of broad based weakness but we expect base building to kick in on sustained Sino-US trade tensions. The SGD NEER is firmer on the day at around +1.49% above its perceived parity (1.3845) with NEER-implied USD-SGD thresholds also softer from yesterday. Expect the market to bounce any dips to 1.3630 back towards the 200-day MA (1.36669).

### FX Sentiment Index



### Technical support and resistance levels

	S2	S1	Current	R1	R2
EUR-USD	1.1000	1.1046	1.1078	1.1097	1.1100
GBP-USD	1.2786	1.2900	1.2998	1.3000	1.3007
AUD-USD	0.6800	0.6809	0.6834	0.6884	0.6900
NZD-USD	0.6370	0.6500	0.6513	0.6515	0.6533
USD-CAD	1.3221	1.3281	1.3290	1.3300	1.3328
USD-JPY	108.24	108.50	108.53	108.89	109.00
USD-SGD	1.3579	1.3600	1.3646	1.3669	1.3672
EUR-SGD	1.5100	1.5101	1.5118	1.5134	1.5200
JPY-SGD	1.2500	1.2557	1.2574	1.2595	1.2600
GBP-SGD	1.7432	1.7700	1.7738	1.7759	1.7768
AUD-SGD	0.9300	0.9309	0.9326	0.9362	0.9400
Gold	1446.20	1447.62	1478.20	1484.66	1487.02
Silver	16.64	17.10	17.12	17.20	17.36
Crude	55.50	56.30	56.37	56.40	57.50

## Treasury Research & Strategy

### Macro Research

**Selena Ling**

Head of Research & Strategy  
[LingSSSelena@ocbc.com](mailto:LingSSSelena@ocbc.com)

**Tommy Xie Dongming**

Head of Greater China Research  
[XieD@ocbc.com](mailto:XieD@ocbc.com)

**Wellian Wiranto**

Malaysia & Indonesia  
[WellianWiranto@ocbc.com](mailto:WellianWiranto@ocbc.com)

**Terence Wu**

FX Strategist  
[TerenceWu@ocbc.com](mailto:TerenceWu@ocbc.com)

**Howie Lee**

Thailand, Korea & Commodities  
[HowieLee@ocbc.com](mailto:HowieLee@ocbc.com)

**Carie Li**

Hong Kong & Macau  
[carierli@ocbcwh.com](mailto:carierli@ocbcwh.com)

**Dick Yu**

Hong Kong & Macau  
[dicksnyu@ocbcwh.com](mailto:dicksnyu@ocbcwh.com)

### Credit Research

**Andrew Wong**

Credit Research Analyst  
[WongVKAM@ocbc.com](mailto:WongVKAM@ocbc.com)

**Ezien Hoo**

Credit Research Analyst  
[EzienHoo@ocbc.com](mailto:EzienHoo@ocbc.com)

**Wong Hong Wei**

Credit Research Analyst  
[WongHongWei@ocbc.com](mailto:WongHongWei@ocbc.com)

**Seow Zhi Qi**

Credit Research Analyst  
[ZhiQiSeow@ocbc.com](mailto:ZhiQiSeow@ocbc.com)

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC Bank, its related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial services to such issuers. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products.

This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).