

## Daily Market Outlook

4 November 2019

### Market Themes/Strategy - The week ahead

- Despite somewhat supportive US October NFP readings, the October ISM data points came in on the wrong side of expectations. This left the USD softer against its peers
- Elsewhere, the JPY underperformed on the crosses after China's Commerce Ministry noted that a consensus had been reached in principle with the US (on trade issues). With crude surging (WTI>56.00), the NOK led the pack higher against the greenback.
- **Improved investor sentiment.** Investor sentiment improved with amid firmer UST and bund yields, stronger global equities (including in EM), pushing the **FXSI (FX Sentiment Index)** significantly lower within Risk-Neutral territory. Any further improvements in risk appetite at the onset of the week may see the Index drift into Risk-On territory.
- **Positioning shifted away from the USD.** On the **CFTC** front, large non-commercial accounts and leveraged accounts alike pared their net implied long dollar bias in aggregate in the latest week. Elsewhere, asset manager accounts also increased their net implied dollar shorts in the latest week.
- With the **Fed** now perceived to be in a steady state (watch for confirmation from heavy Fed-speak this week, beginning with Daly at 2200 GMT today), market attention will be diverted to evolving **Sino-US** headlines and cues from companion central banks.
- **USD on the defensive.** On the latter, the **ECB's Lagarde** makes her maiden speech as ECB President at 1930 GMT. Look also to the **RBA policy meeting** (mkts: unchanged at 0.75%) on Tuesday, the **BOE MPC** on Thursday, the RBA's Statement on Monetary Policy on Friday. **In the interim, expect the USD to remain on the defensive at the beginning of the week, undermined by positive risk appetite levels.**

Treasury Research

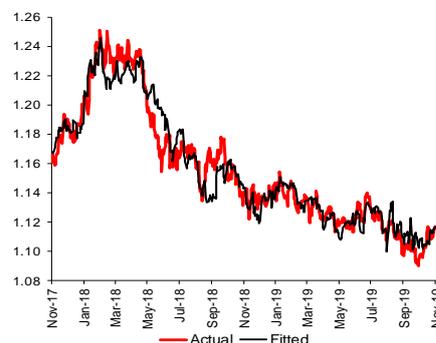
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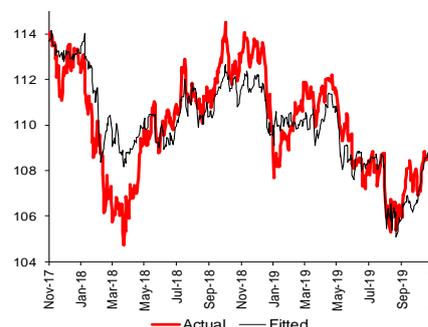
### EUR-USD

**Firmer.** Short term implied valuations for the pair continue to edge higher and expect a challenge of the 200-day MA (1.1196) in due course if the forward guidance from the ECB is not unduly dovish this week. Expect initial support for 100-day MA (1.1124).



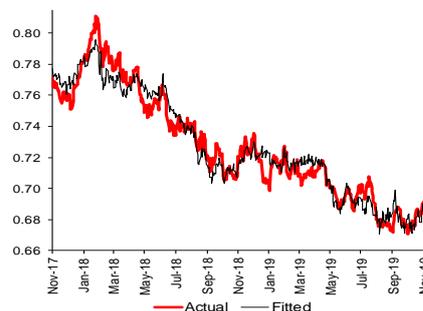
### USD-JPY

**Pause.** Expect range bound behavior to persist with positive investor sentiment a counterweight to USD vulnerability. With TKY away on a long weekend, expect 107.80 to support with topside limited towards the 200-day MA (109.03).



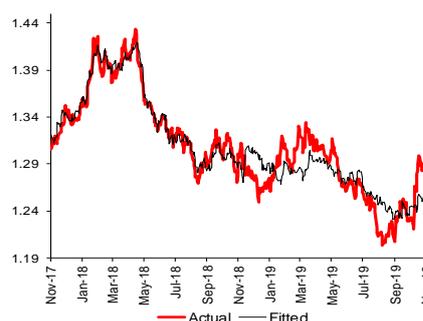
### AUD-USD

**Base building.** Expect the AUD-USD to continue to be fueled by better looking investor sentiment ahead of the RBA events this week. Expect any dips to bounce at around 0.6885 and the 200-day MA (0.6954) seen attracting.



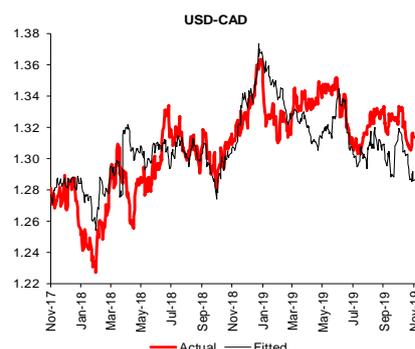
### GBP-USD

**Consolidate.** GBP-USD may continue to remain reluctant to test beyond 1.3000 at this juncture and despite continually supported short term implied valuations for the pair. Multi-session, 1.2800 and the 200-day MA (1.2711) may cushion and market participants turn towards election-related headlines.



### USD-CAD

**Stabilizing.** Ahead of the Canadian October labor market numbers on Friday, expect some consolidation within 1.3080-1.3200 with firmer crude prices capping the topside for now.



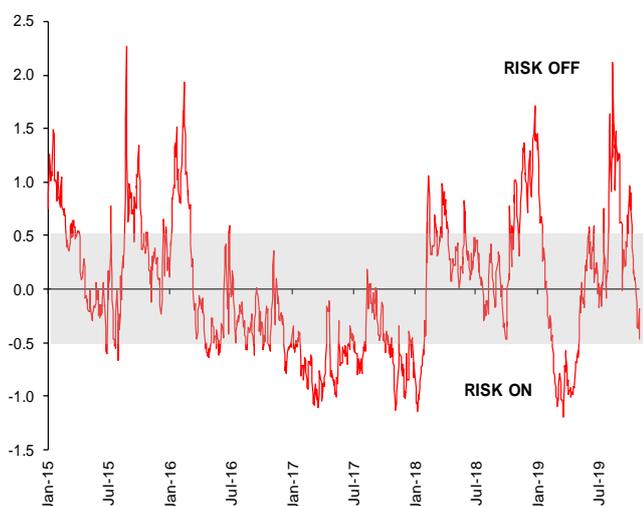
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### Asian Markets

- USD-Asia:** Positive global risk appetite vibes and the willingness by USD-CNH to drip lower (next key psychological support at 7.0000) should continue to pressure USD-Asia lower at the onset of the week. The calendar this week also brings **BNM** on Tuesday (mkts: unchanged at 3.00%) and the **Bank of Thailand** on Wednesday (mkts: -25bps to 1.25%).
- EPFR** data showed net implied flows for Asian (excl Japan, China) equities flipping to a net inflow environment in the latest week while net implied bond inflows also increased in the latest week.
- USD-SGD:** USD-SGD is expected to track the region lower with the SGD NEER firmer on the day at +1.65% above its perceived parity (1.3789). NEER-implied USD-SGD thresholds are softer from last Friday and the pair may continue to gravitate towards the 1.3550 region in the current environment and pending the local October PMIs at 1300 GMT.

### FX Sentiment Index



### Technical support and resistance levels

	S2	S1	Current	R1	R2
EUR-USD	1.1040	1.1100	1.1170	1.1179	1.1196
GBP-USD	1.2711	1.2900	1.2938	1.3000	1.3013
AUD-USD	0.6802	0.6900	0.6919	0.6930	0.6943
NZD-USD	0.6343	0.6400	0.6454	0.6457	0.6461
USD-CAD	1.3042	1.3100	1.3135	1.3200	1.3220
USD-JPY	107.73	108.00	108.23	109.00	109.03
USD-SGD	1.3522	1.3564	1.3565	1.3600	1.3659
EUR-SGD	1.5098	1.5100	1.5152	1.5183	1.5200
JPY-SGD	1.2500	1.2532	1.2535	1.2600	1.2767
GBP-SGD	1.7358	1.7500	1.7551	1.7600	1.7721
AUD-SGD	0.9300	0.9354	0.9386	0.9400	0.9407
Gold	1500.00	1504.41	1515.30	1515.52	1535.60
Silver	17.89	18.10	18.13	18.15	18.20
Crude	55.40	55.90	55.95	56.00	57.09

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## Treasury Research & Strategy

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### 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@ocbc.local](mailto:dicksnyu@ocbc.local)

### 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)

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