

## Daily Market Outlook

5 December 2019

### Market Themes/Strategy

- Risk appetite staged an abrupt and positive turnaround on Wednesday after an unmade US official and subsequently Trump himself stated that trade negotiations were going well, with the JPY and CHF relinquishing previous gains. US data proved mixed, with the November ADP and non-manufacturing ISM disappointing but the Markit composite PMI improving slightly.
- The **GBP** outshone its peers on Wednesday on supportive opinion polls and with November services/composite PMIs beating expectations and surprising on the upside.
- The **CAD** also outperformed across the board after the **Bank of Canada** kept its benchmark rate on hold and noted that it sees signs of stabilizing global growth.
- **NZD-USD** popped yet higher early Thursday in Asia after the RBNZ gave banks 7 years (instead of 5) to meet new capital requirements.
- UST and bund yields rebounded (bear steepened) while gold consolidated lower and WTI crude surfaced above 58.00 once again. On the EM front, overall equities also recovered smartly and erased previous day's losses. Overall, the **FXSI (FX Sentiment Index)** dipped but remained in Risk-Neutral territory.
- Discretionary directionality may be slightly lacking at this juncture (give the 2-way flushing out of positions) and despite the recovery in risk appetite yesterday, price action in the last 48 hours only underscores the fragility of investor sentiment. **In the interim, a slight and tentative Risk-On/soft dollar dynamic may continue to play out intra-day.**

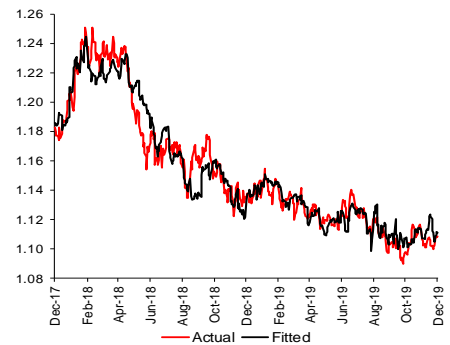
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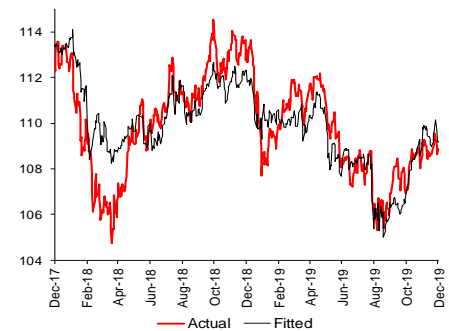
### EUR-USD

**Stabilizing.** Despite background US-EU trade tensions, better than expected November German/EZ services/composite PMIs may continue to keep the EUR-USD supported on dips. Collect dips towards the 55-day MA (1.1043) for 1.1100.



### USD-JPY

**Topping out.** Despite the uptick in investor sentiment, USD-JPY may remain top heavy on any approach towards the 200-day MA (108.88) and 109.00. We see sustained risks towards the 55-day MA (108.44).



### AUD-USD

**Base build.** AUD-USD dipped this morning following the softer than expected October trade and retail sales figures but the pair may retain some base building behavior in the near term. Expect a cushion of support towards 0.6800/15 with first resistance see circa 0.6870.



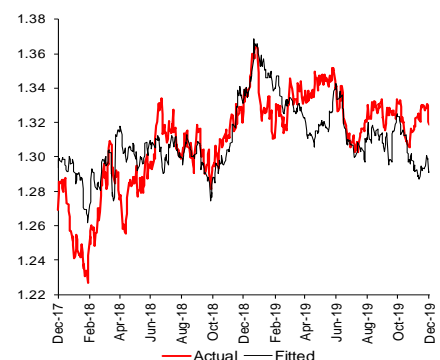
### GBP-USD

**Angling higher.** Although, short end implied valuations continue to inch higher, the GBP-USD's recent (and somewhat excessive) climb have largely been fueled by opinion polls pertaining to the upcoming elections. Expect some satiation at the **200-week MA (1.3103)**.



### USD-CAD

**Easing off.** USD-CAD may now search lower post-BOC and with short term implied valuations for the pair also softening. Nonetheless, expect some consolidation once 1.3150 has been filled.



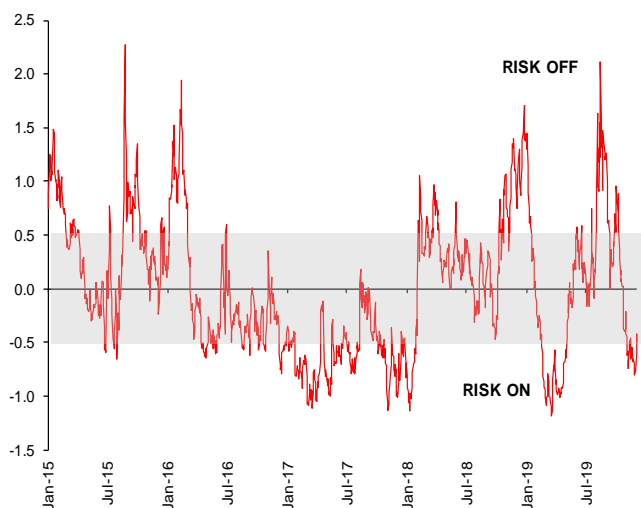
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### Asian Markets

- **USD-Asia:** USD-CNH dived on Thursday back to the 7.0500 neighborhood and should also help to impart some measure of positivity for the region. Nonetheless, expect background caution to prevail, deterring excessive optimism.
- For today, the **RBI** is expected to further reduce its benchmark repo and reverse repo rates at its policy meeting (0615 GMT).
- **USD-SGD:** USD-SGD is softer following the recovery in risk appetite levels with the SGD NEER a touch firmer at +1.51% above its perceived parity (1.3836). NEER-implied USD-SGD thresholds are also softer on the day. Expect a slightly top heavy tone at this juncture, but with 1.3620 to yield support pending further headline risks.

### FX Sentiment Index



### Technical support and resistance levels

|         | S2      | S1      | Current | R1      | R2      |
|---------|---------|---------|---------|---------|---------|
| EUR-USD | 1.1000  | 1.1049  | 1.1083  | 1.1100  | 1.1101  |
| GBP-USD | 1.3075  | 1.3100  | 1.3112  | 1.3120  | 1.3200  |
| AUD-USD | 0.6800  | 0.6811  | 0.6844  | 0.6874  | 0.6900  |
| NZD-USD | 0.6541  | 0.6543  | 0.6549  | 0.6562  | 0.6600  |
| USD-CAD | 1.3100  | 1.3186  | 1.3188  | 1.3200  | 1.3218  |
| USD-JPY | 108.28  | 108.53  | 108.84  | 108.88  | 109.00  |
| USD-SGD | 1.3588  | 1.3600  | 1.3629  | 1.3668  | 1.3669  |
| EUR-SGD | 1.5100  | 1.5101  | 1.5106  | 1.5138  | 1.5200  |
| JPY-SGD | 1.2452  | 1.2500  | 1.2522  | 1.2559  | 1.2581  |
| GBP-SGD | 1.7800  | 1.7843  | 1.7871  | 1.7872  | 1.7900  |
| AUD-SGD | 0.9300  | 0.9309  | 0.9329  | 0.9357  | 0.9400  |
| Gold    | 1446.20 | 1451.33 | 1474.30 | 1480.46 | 1482.87 |
| Silver  | 16.62   | 16.70   | 16.80   | 16.80   | 17.35   |
| Crude   | 57.87   | 58.30   | 58.30   | 58.74   | 59.17   |

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