

## Daily Market Outlook

5 November 2019

### Market Themes/Strategy

- Despite softer than expected prints on the US data front, the USD steadied its footing against the majors, with the DXY surfacing above the 97.50 mark.
- Notwithstanding firmer than expected manufacturing prints in Germany and the Eurozone, the European complex underperformed. On the GBP front, the cards are essentially being reshuffled and re-dealt in view of the General Elections. We expect some consolidation between 1.2800 and 1.3000 until further clarity.
- On the Fed front, comments by Kashkari (non-voter, dove) and Daly (non-voter, slight dove) reinforced the idea that the Fed is in a pause after three cuts. Further rate cut expectations for December FOMC are being consistently priced out.
- The **RBA** policy decision (0330 GMT, mkts: unchanged at 0.75%) headlines the calendar today. Note that the narrative down south has shifted to the negative implications of low interest rates on consumer confidence. Thus, we do not rule out a tweak in the RBA statement to reflect a reduced inclination to cut further.
- **Improving investor sentiment should continue to dictate for now**, with risk-on sentiment persisting across the equities (firmer global equities, Dow at record high) and bonds (core yield curves firmer on the day) space. The **FXSI (FX Sentiment Index)** is essentially now at the border between the Risk-Neutral and Risk-On zones. All eyes now on the expected signing of the Sino-US Phase 1 deal, with risk sentiment expected to stay sustained at least till then. Note that a withdrawal of existing tariffs may be on the cards as well.
- Notwithstanding the USD movement overnight, **expect the broad USD and JPY to still on the defensive due to the positive risk appetite**. However, the DXY's inability to pierce the October low (97.14), and the stretched nature of the existing risk drivers (anything more than Phase 1? Tariff rollback?) may cast some doubts over the USD bears. We do not rule out a slight consolidation bias for now.

Treasury Research

Tel: 6530-8384

Terence Wu

+65 6530 4367

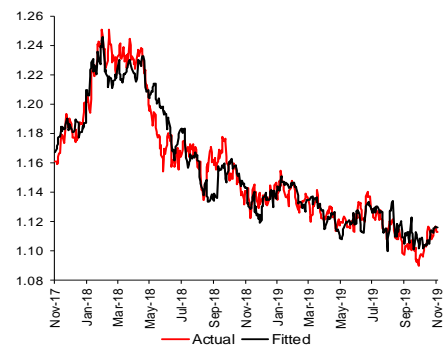
[TerenceWu@ocbc.com](mailto:TerenceWu@ocbc.com)

## Daily Market Outlook

5 November 2019

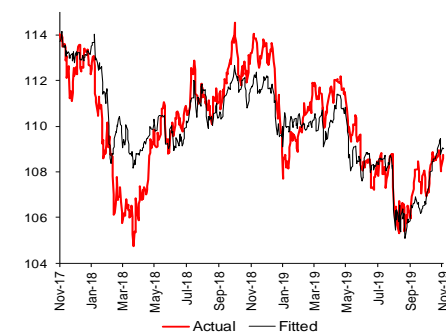
### EUR-USD

**Firmer.** The retracement of the EUR-USD stopped right at the 100-day MA (1.1122) support. Upside momentum slightly hampered with the failure to break through the previous high at 1.1179, but we do not rule out another challenge for now. Firmer support enters at 1.1080/00 levels.



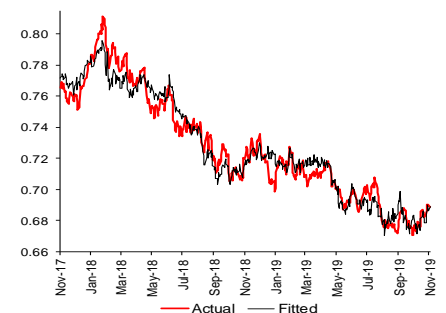
### USD-JPY

**Pause.** The USD-JPY should remain trapped in no-man's land within the 107.80 – 109.03 range for now, with stronger directional cues possible once this corridor is breached.



### AUD-USD

**Base building.** Expect the AUD-USD to mark time ahead of the RBA later today (0330 GMT). With the domestic narrative turning against further rate cuts, we keep a close watch for any shifts in the rhetoric at the RBA. Any firm step away from rate cuts may see the AUD-USD lift to re-test 0.6900, then 0.6930. Expect downside support at the 100-day MA (0.6851).



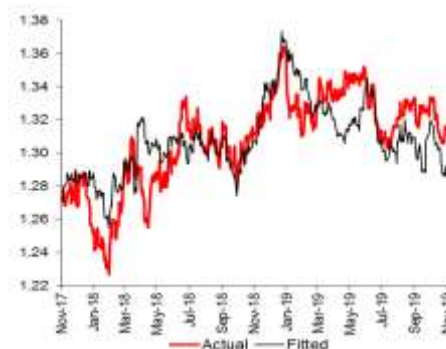
### GBP-USD

**Consolidate.** Short term implied valuations for the GBP-USD play catch-up, providing implicit support for the pair. In the interim, expect a 1.2800 to 1.3000 range as investors evaluate the implications of the upcoming general election.



### USD-CAD

**Stabilizing.** The USD-CAD tracked broader USD prospects higher overnight, despite a firmer crude complex. In the interim, expect the pair to gyrate around the 1.3150 locus.



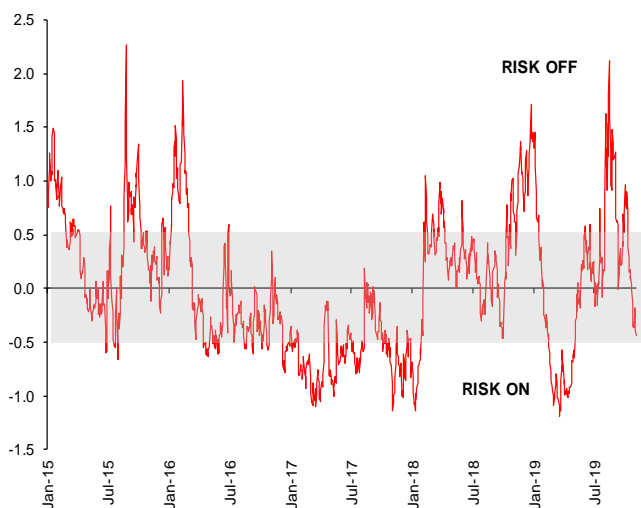
## Daily Market Outlook

5 November 2019

### Asian Markets

- USD-Asia:** The USD-CNH continues to see downward pressure, and may flex against the 7.0000 mark in the coming sessions. Nevertheless, the headway beyond 7.0000 may be limited, unless the trade discussions progress beyond the current Phase 1. With the USD movement overnight, expect some consolidation in USD-Asia intraday, though the slight heavy bias should still persist.
- The risk driven ascent in Asian currencies will eventually need to be supported by data, which unfortunately remains a mixed bag at best. Note however, that the appetite for rate cuts at Asian central banks appears to be fading somewhat (BSP done for the year, shift in market expectation for BNM). Watch for rhetoric coming out from the **BNM** (Tue) and the **Bank of Thailand** (Wed) for longer term cues on the Asian currencies.
- USD-SGD:** The USD-SGD lifted higher yesterday after touching a low at 1.3560. The pair should remain beholden to USD cues for now. The SGD NEER is largely stable at +1.62% above its perceived parity (1.3808). On the macro front, official manufacturing PMI remained in contraction zone at 49.6, but was steady compared to previous month. However, the Markit print slipped further to 47.4 from 48.3 previously.

### FX Sentiment Index



### Technical support and resistance levels

	S2	S1	Current	R1	R2
EUR-USD	1.1040	1.1100	1.1128	1.1179	1.1194
GBP-USD	1.2710	1.2800	1.2886	1.2900	1.3013
AUD-USD	0.6800	0.6804	0.6887	0.6900	0.6930
NZD-USD	0.6343	0.6400	0.6408	0.6454	0.6466
USD-CAD	1.3042	1.3100	1.3153	1.3200	1.3218
USD-JPY	107.80	108.00	108.74	109.00	109.03
USD-SGD	1.3531	1.3559	1.3584	1.3600	1.3659
EUR-SGD	1.5091	1.5100	1.5116	1.5176	1.5200
JPY-SGD	1.2411	1.2487	1.2493	1.2500	1.2532
GBP-SGD	1.7357	1.7500	1.7505	1.7600	1.7721
AUD-SGD	0.9300	0.9353	0.9355	0.9400	0.9405
Gold	1500.00	1503.98	1509.10	1516.13	1534.90
Silver	17.89	18.00	18.03	18.10	18.17
Crude	55.46	56.30	56.38	56.40	57.18

---

## 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@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)

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).