

## Daily Market Outlook

11 September 2019

### Market Themes/Strategy

- G10 FX remained dead in the water on Tuesday except for the USD-JPY, which continued its ascent on the back of rate differential dynamics. On this front, UST yields continued to climb (as did bund yields) >>>
- The **FX Sentiment Index (FXSI)** meanwhile remained static, hovering in Risk-Off territory but just a stone's throw away from easing into Risk-Neutral territory. Going ahead, the longevity of the **recent recovery in risk appetite** metrics (including the fall in XAU) remains in question and investors we think may not extend recent price action pending further developments pertaining to the Sino-US front, the ECB/FOMC, and Brexit developments.
- On a light data calendar today, look towards US PPI (1230 GMT) for cues.
- **Waiting on the ECB.** Barring further Sino-US headlines, investors may remain in loiter mode ahead of the risk-laden **ECB meeting** tomorrow. As mentioned yesterday, **USD-JPY** remains a clearer play in the interim, with the firmer US yields seen generating lift for the pair.

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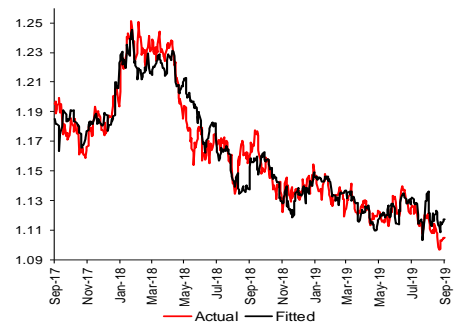
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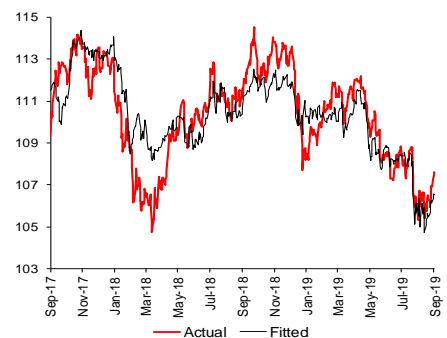
### EUR-USD

**EUR on the defensive.** Despite stimulatory comments from the German Finance Minister, the EUR-USD bounced off day-lows on a stray report that the ECB may contemplate a delay in resuming quantitative easing. Expect the pair to stay within tight ranges before the ECB decision.



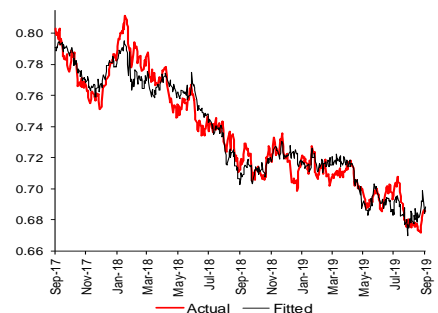
### USD-JPY

**Biased higher for now.** Chatter about the BOJ taking a further dovish turn at its next policy meeting also fed USD-JPY upside, apart from ongoing risk stabilization and higher UST yields. Short term implied valuations are also tracking the spot higher. Further extensions from current levels will put resistances at 108.00/20 into view.



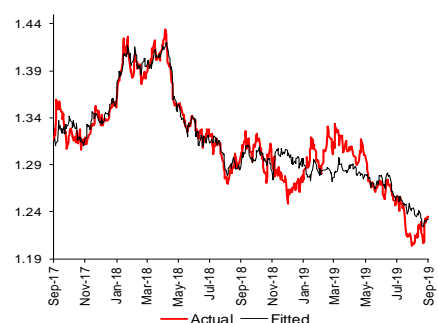
### AUD-USD

**Eying higher levels.** Upside momentum for the AUD-USD may be stalling somewhat, with the 55-day MA (0.6872) still capping the pair. While further AUD strength cannot be ruled out for now, we may need new catalysts from here. Downside support at 0.6820/30 in the interim.



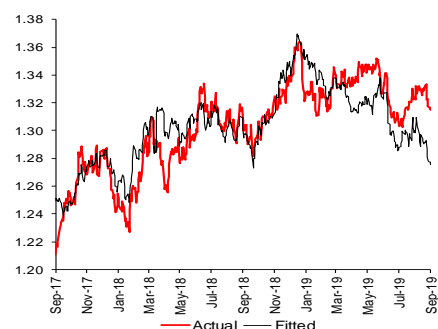
### GBP-USD

**Base build.** Profit-taking may limit the GBP-USD under the 1.2400 handle for now, as PM Johnson continued to talk tough on Brexit issues. Further extension beyond 1.2400 may require new, positive developments on the Brexit front. Continue to see support levels near 1.2210/20.



### USD-CAD

**Softer bias.** Sliding technicals and short term implied valuations likely point to further downside for the USD-CAD. With the 1.3150 support punctured, look for a grind lower towards 1.3100.



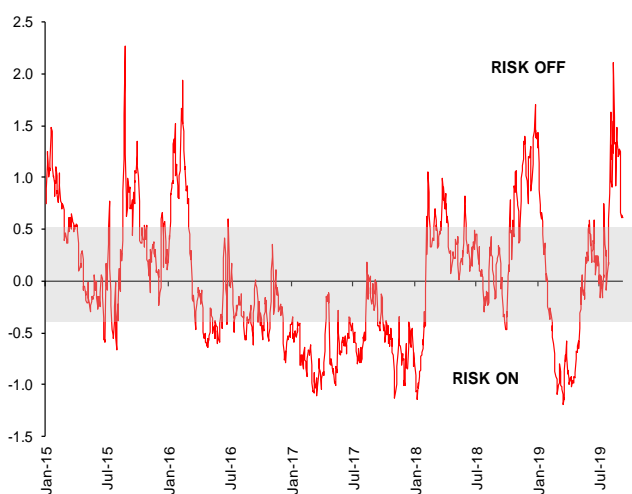
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### Asian Markets

- USD-Asia:** With risk appetite levels holding steady for now, the renminbi complex may continue to set the pace of Asia in the near term. With USD-CNH now circulating the 7.1000 neighborhood, expect USD-Asia to remain top heavy pending further external headline risks.
- Waiting for external catalysts.** Apart from the 7.1000 handle for USD-CNH, several Asian pairs are also in the vicinity of key psychological levels/recent lows. On this front, **USD-IDR** will have to contend with 14,000, **USD-KRW** at 1190.00 and **USD-TWD** at 31.20. The Bank of Thailand remains uncomfortable with baht strength and **USD-THB** may not revisit 30.50 in a hurry without further regional cues.
- Elsewhere, despite the soft China PPI data, Asian govie bonds for the most part (Indonesia, China being exceptions) may also continue to track the recent weakness in the major markets ahead of the ECB tomorrow.
- USD-SGD: A touch heavier.** USD-SGD is still seen bracketing the 1.3800 area and would require a further external push to detach lower towards the 55-day MA (1.3739). In the interim, expect downside support at 1.3780, with bounces capped at 1.3820. Meanwhile, the SGD NEER firmed to +0.85% above its perceived parity (1.3919) with NEER-implied USD-SGD thresholds essentially static on the day.

### FX Sentiment Index



### Technical support and resistance levels

	S2	S1	Current	R1	R2
<b>EUR-USD</b>	1.0969	1.1000	1.1051	1.1100	1.1139
<b>GBP-USD</b>	1.2285	1.2300	1.2351	1.2385	1.2397
<b>AUD-USD</b>	0.6693	0.6800	0.6857	0.6858	0.6869
<b>NZD-USD</b>	0.6301	0.6400	0.6418	0.6468	0.6500
<b>USD-CAD</b>	1.3100	1.3134	1.3144	1.3196	1.3200
<b>USD-JPY</b>	107.15	107.58	107.67	108.00	109.32
<b>USD-SGD</b>	1.3758	1.3789	1.3799	1.3800	1.3924
<b>EUR-SGD</b>	1.5182	1.5200	1.5248	1.5300	1.5324
<b>JPY-SGD</b>	1.2586	1.2800	1.2821	1.2824	1.2843
<b>GBP-SGD</b>	1.6900	1.7000	1.7036	1.7092	1.7100
<b>AUD-SGD</b>	0.9400	0.9435	0.9465	0.9480	0.9481
<b>Gold</b>	1468.40	1482.72	1492.20	1500.00	1553.39
<b>Silver</b>	16.71	18.00	18.04	18.10	19.19
<b>Crude</b>	56.19	57.70	57.77	57.80	58.09

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