

Daily Market Outlook

13 November 2019

Market Themes/Strategy

- The broad USD edged higher against the G10 counterparts, with the EUR easing towards the 1.1000 level despite a stronger than expected German data release. The USD-JPY and AUD-USD also remained heavy on a slight risk-off tone in the aftermath of President Trump's speech.
- Depending on the interpretation, President Trump either said something for everyone to take home with, or said nothing at all. But the overall sense among investors seems to be a glass half empty at this point. With the timeline for the conclusion of the Phase 1 deal stretching longer, expect markets will remain jittery until the date is set, and the agreement done and dusted. For now, expect the slight risk-off tone persist.
- The **FXSI (FX Sentiment Index)** moved higher for the third consecutive session, and now stands at the boundary between the Risk-Neutral and Risk-On zones.
- On the US domestic front, the first public impeachment hearings scheduled for today, but more importance should be placed on Powell's testimony to the Congress. Recent Fed speakers have mostly presented the US economy in a positive light, with no urgency to continue with rate cuts. Expect Powell to mostly reiterate the same message. Market expectations for the Fed have been stable since the October FOMC, essentially not expecting any cuts in December and 1Q 2020. Given that everyone is on the same side of the boat, the balance of risk is for Powell to say something that may be interpreted as more dovish than expected.
- With overall risk sentiment still unstable, risk-reward probably favours the AUD-USD and USD-JPY continuing to edge lower. Elsewhere, we continue to stay negative on the EUR.

Treasury Research

Tel: 6530-8384

Terence Wu

+65 6530 4367

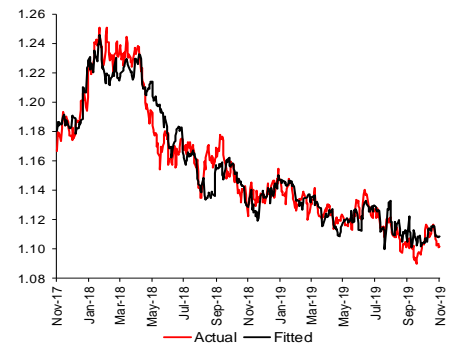
TerenceWu@ocbc.com

Daily Market Outlook

13 November 2019

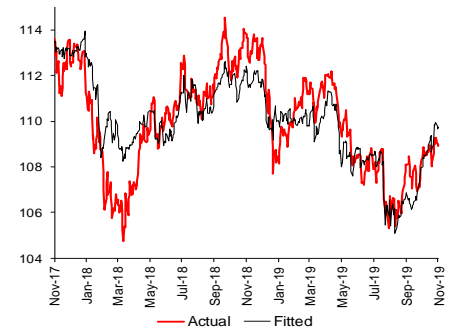
EUR-USD

Pointing south. Despite a firmer than expected German ZEW survey, the EUR-USD remained heavy and edging close to the first southbound target at 1.1100. The 1.0990/00 zone is a firm support, but a breach of that level may point to further capitulation towards 109.40. On the topside, expect resistance at 1.1038.



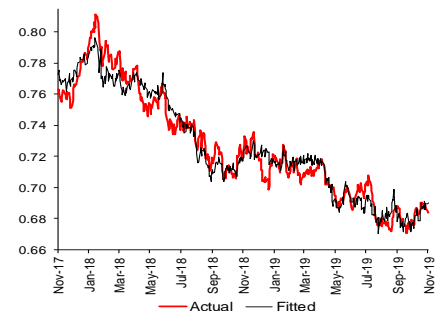
USD-JPY

Headline-driven. Overall risk-off tone weighed down on the USD-JPY after President Trump's speech, but still remained within the 109.00 locus. Short term implied valuations may also start to turn south. If the pair detaches lower from the 109.00 handle, expect the next downside target at 108.60.



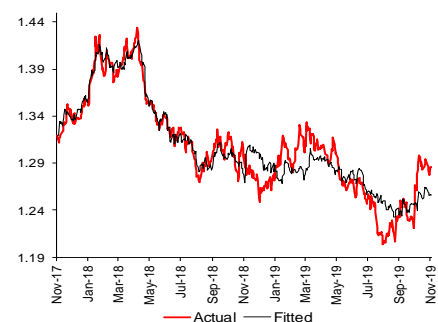
AUD-USD

Range-bound. A surprise hold at the RBNZ this morning caused the AUD-USD to spike higher early in the morning, but that move was quickly faded on the back of a softer risk appetite. Short term implied valuations remained elevated even as spot dipped lower in the recent sessions. Nevertheless, we still expect the pair to retain a slight heavy tone, with any bounces likely rejected in favour of dips towards 0.6800/10.



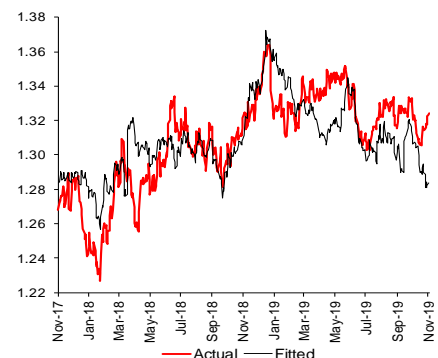
GBP-USD

Consolidation. The boost for the GBP-USD from the Brexit Party decision faded somewhat, leaving the pair somewhat flat to heavy. Electoral dynamics, and its implication on Brexit, will still be the main directional driver for the pair. Nonetheless, expect 1.2800 and 1.2900 to book-end the pair for now.



USD-CAD

Turning higher. A buoyant stance may persist for the USD-CAD for now. With the crude complex largely stable for now, expect directionality to be driven by shifting Bank of Canada expectations. In the near term, any downside should be limited by the 55-day MA (1.3216), while the 200-day MA (1.3277) caps on the top.



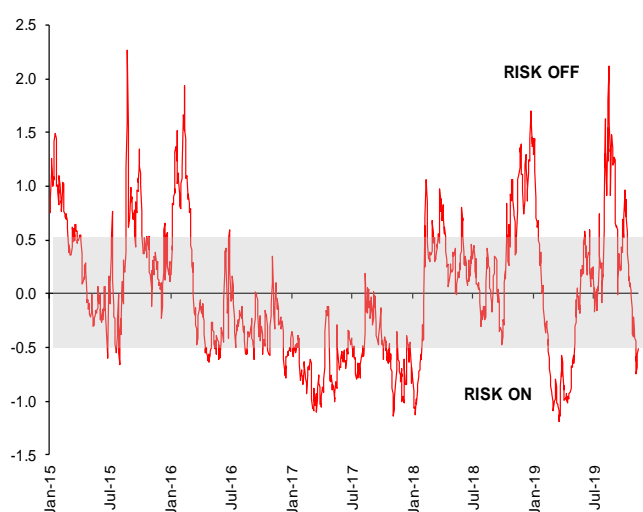
Daily Market Outlook

13 November 2019

Asian Markets

- **USD-Asia:** The USD-CNH also continued to edge higher away from the 7.0000 mark on the back the slight risk-off tone. Couple this with a weaker EM FX overnight and a soft start to Asian equities this morning, we expect USD-Asia to stay buoyant today.
- In the **Asian portfolio flows** front, we note a good pick-up in terms of overall inflow momentum into India and Indonesia in the latest reading. Both bond and equity inflows are picking up in India, but the improvement in momentum is largely supported by equities. Meanwhile, bond inflows lead the way in Indonesia. In North Asia, equity inflow momentum remains healthy in Taiwan. However, overall inflow momentum continues to moderate heavily in South Korea, which now stands almost at neutral levels. We think this underlies idea that the recent run-up in the KRW is on relatively more shaky footing compared to the TWD. With the risk appetite turning sour slightly, expect the KRW to underperform Asian counterparts for now.
- **USD-SGD:** Expect the USD-SGD to remain within a tight range, with a slight upside bias for now. The SGD NEER is slightly softer at +1.59% above its perceived parity (1.3841), with NEER-implied USD-SGD thresholds firmer on the back the resilient USD. While the SGD NEER remains elevated, we may see the topside limited to +1.70% above parity for now, especially if the Asian complex turns south on Sino-US concerns.

FX Sentiment Index



Technical support and resistance levels

	S2	S1	Current	R1	R2
EUR-USD	1.0995	1.1000	1.1009	1.1041	1.1100
GBP-USD	1.2779	1.2800	1.2847	1.2900	1.2979
AUD-USD	0.6809	0.6818	0.6837	0.6900	0.6916
NZD-USD	0.6346	0.6400	0.6405	0.6437	0.6466
USD-CAD	1.3200	1.3208	1.3246	1.3262	1.3277
USD-JPY	108.12	108.15	108.96	109.00	109.02
USD-SGD	1.3571	1.3600	1.3627	1.3654	1.3662
EUR-SGD	1.4973	1.5000	1.5002	1.5100	1.5140
JPY-SGD	1.2426	1.2500	1.2507	1.2536	1.2600
GBP-SGD	1.7380	1.7500	1.7507	1.7600	1.7683
AUD-SGD	0.9287	0.9300	0.9316	0.9349	0.9397
Gold	1446.20	1450.64	1459.10	1494.60	1500.00
Silver	16.64	16.70	16.80	16.80	17.69
Crude	55.65	56.60	56.63	56.70	57.30

Treasury Research & Strategy

Macro Research

Selena Ling

Head of Research & Strategy

LingSSSelena@ocbc.com

Tommy Xie Dongming

Head of Greater China Research

XieD@ocbc.com

Wellian Wiranto

Malaysia & Indonesia

WellianWiranto@ocbc.com

Terence Wu

FX Strategist

TerenceWu@ocbc.com

Howie Lee

Thailand, Korea & Commodities

HowieLee@ocbc.com

Carie Li

Hong Kong & Macau

carierli@ocbcwh.com

Dick Yu

Hong Kong & Macau

dicksnyu@ocbc.local

Credit Research

Andrew Wong

Credit Research Analyst

WongVKAM@ocbc.com

Ezien Hoo

Credit Research Analyst

EzienHoo@ocbc.com

Wong Hong Wei

Credit Research Analyst

WongHongWei@ocbc.com

Seow Zhi Qi

Credit Research Analyst

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).