

## Daily Market Outlook

14 November 2019

### Market Themes/Strategy

- The broad USD stayed supported within a narrow range despite the softer UST yields. The DXY index hovered around the 55-day MA (98.33), as the EUR dipped its toes briefly under the 1.1000 mark. Elsewhere, the CHF and JPY were also supported with risk appetite taking yet another dip. The NZD firmed on a surprise **RBNZ** hold.
- Risk appetite continued to be sliced incrementally lower with each negative headline on the Sino-US front, this time on an apparent roadblock relating to farm purchases. UST curve bull-flattened alongside other core yields curves. EZ/EM equities also softened, while US equities held up reasonably well. The **FXSI (FX Sentiment Index)** moved higher for the fourth consecutive session, and has effectively u-turned back into the **Risk-Neutral** zone, after hitting Risk-On only late last week.
- On the **Fed** front, Powell's testimony to the Congress panned out largely within the expected script. A favourable outlook on the US economy is still the base case, but the usual litany of downside risks continue to weigh. For now, market and Fed expectations are aligned for a pause in the rate cut trajectory. In this context, note that US headline CPI yesterday came in firmer than expected, although the core measure was softer than consensus.
- The playbook remains unchanged for now, as we continue to back risk-off trades in the near term. **For now, with the USD still largely supported, we favour downside for the JPY-crosses and AUD-USD. We have been negative on the EUR-USD for some time now, and still hold that view.** We will be watching if it can clear through the 1.1000 level convincingly. On the risk front, we remain cognizant that despite the hiccups this week, the market expectation remains for the Sino-US Phase 1 deal to be concluded at some point. Thus, we would not extrapolate the risk-off sentiment too far into the future.

Treasury Research

Tel: 6530-8384

Terence Wu

+65 6530 4367

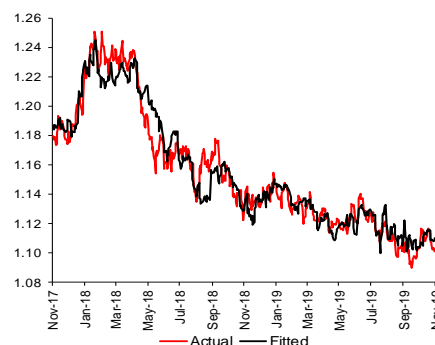
[TerenceWu@ocbc.com](mailto:TerenceWu@ocbc.com)

## Daily Market Outlook

14 November 2019

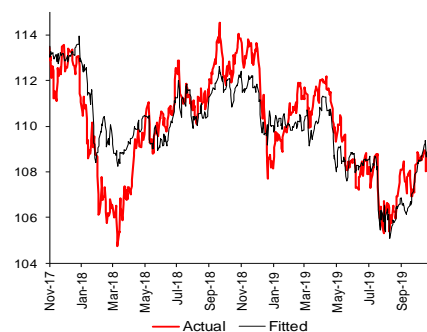
### EUR-USD

**Flexing against key level.** Our negative EUR-USD view may come to an inflexion point for now, as the pair flexes against the 1.0990/00 support. Expect further downside extension towards 109.40 if the level is breached, but the elevated short term implied valuations give us some cause for pause.



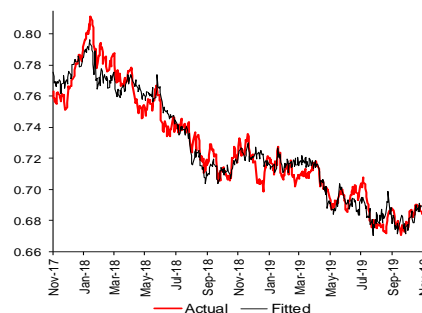
### USD-JPY

**Headline-driven.** Ongoing risk-off tinge is still expected to weigh on the USD-JPY. With the 109.00 handle breached, the next southbound target stands at 108.60, although the still-resilient USD may limit the downside moves.



### AUD-USD

**Weighed down.** The big miss on the employment data weighed heavily on the AUD-USD this morning, with the pair now at the 0.6800/10 support level. Downside momentum remains heavy for now, with the next downside target at 0.6775 if the 0.6800/10 support is breached.



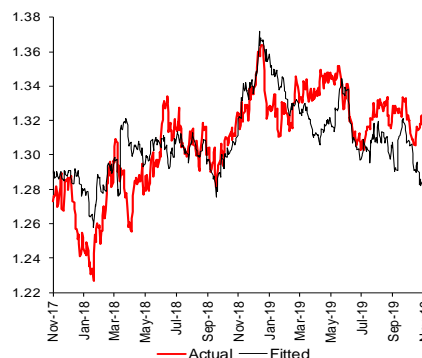
### GBP-USD

**Consolidation.** The GBP-USD should settle back into the broader 1.2800 to 1.3000 range when the election is first announced, pending further headlines. For now, the expectation appears to be moving towards a Conservative-majority government, and that should limit excessive downside on the GBP-USD.



### USD-CAD

**Turning higher.** The USD-CAD remains on an upside bias, ahead of the comments from Poloz (Fri). Expect the 200-day MA (1.3277) to be attractive in the interim.



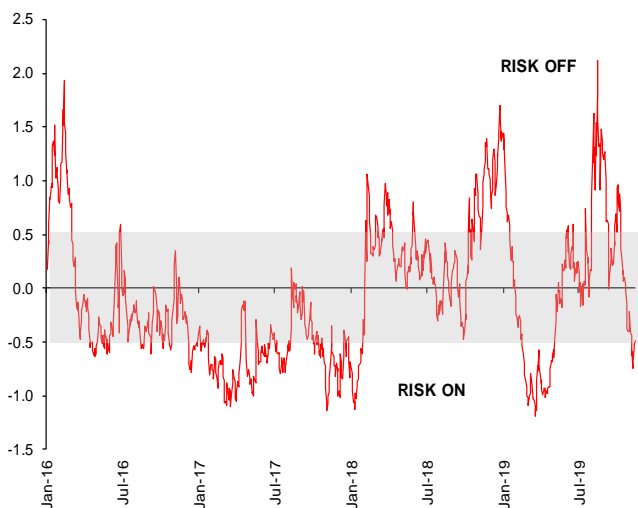
## Daily Market Outlook

14 November 2019

### Asian Markets

- USD-Asia:** The USD-CNH remained in the buoyant mode, easing northwards away from the 7.0000 mark overnight. With the risk-off tinge persisting, expect the rest of USD-Asia to be led higher as well. In particular, we will be watching the USD-KRW as it flexes against its 200-day MA and 1170.00 level. Expect the pair to lead USD-Asia higher.
- All eyes will be on the Chinese data release today, with the October industrial production and retail sales scheduled (0200 GMT). Elsewhere, the **BSP** is expected stay unchanged in its policy decision today (0800 GMT).
- USD-SGD:** The USD-SGD continues to track the USD-CNH higher, with the 1.3630/40 resistance now key to its short term directionality. If this level is breached, expect further extension towards 1.3662. The SGD NEER is firmed to +1.67% above its perceived parity (1.3852), with NEER-implied USD-SGD thresholds also firmer.

### FX Sentiment Index



### Technical support and resistance levels

	S2	S1	Current	R1	R2
EUR-USD	1.0982	1.1000	1.1005	1.1040	1.1100
GBP-USD	1.2776	1.2800	1.2847	1.2900	1.2977
AUD-USD	0.6800	0.6806	0.6811	0.6818	0.6900
NZD-USD	0.6347	0.6400	0.6405	0.6440	0.6466
USD-CAD	1.3200	1.3208	1.3255	1.3277	1.3279
USD-JPY	108.13	108.18	108.86	109.00	109.02
USD-SGD	1.3572	1.3600	1.3626	1.3651	1.3662
EUR-SGD	1.4942	1.4973	1.4995	1.5000	1.5134
JPY-SGD	1.2427	1.2500	1.2517	1.2537	1.2600
GBP-SGD	1.7378	1.7500	1.7506	1.7600	1.7676
AUD-SGD	0.9200	0.9229	0.9280	0.9300	0.9347
Gold	1446.20	1448.58	1462.40	1493.56	1500.00
Silver	16.62	16.80	16.88	16.90	17.66
Crude	57.32	57.50	57.57	57.60	57.88

---

## 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).