

## Daily Market Outlook

25 October 2019

### Market Themes/Strategy

- Despite weaker than expected US Sep durable goods orders data points, the USD strengthened across most of G10 space on Thursday with amid a confluence of mild negatives from the majors.
- The **EUR** was weighed by a sombre prognosis from the ECB's Draghi (after the central bank left key benchmarks unchanged as expected) and disappointing October EZ PMIs.
- The **GBP** was also broadly undermined after PM Johnson called for a general election for 12 Dec 19. Watch this space with the Times indicating that the EU may announce a Brexit extension as early as Friday.
- Meanwhile, the **antipodeans** also underperformed against their peers on a soggy macro outlook after yet softer Australian Oct PMI readings.
- Elsewhere, the **FXSI (FX Sentiment Index)** dipped slightly lower within Risk-Neutral territory.
- **Continue to watch for headline risk on the Sino-US front into the end of the week and in the interim, a slight positive overlay from steady risk appetite levels may continue to guide the markets – broad dollar strength may prove limited.**

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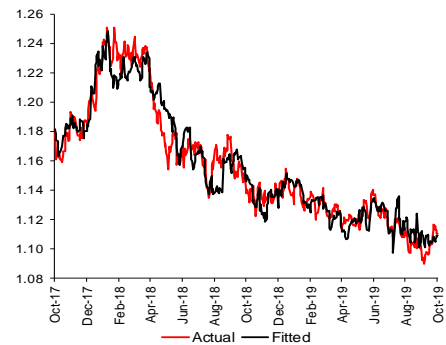
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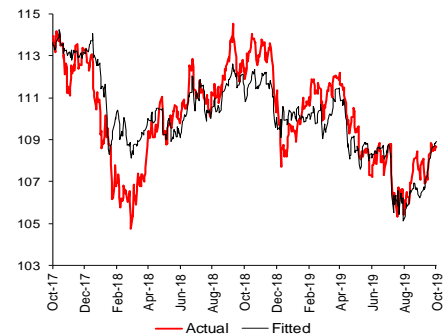
### EUR-USD

**Supported on dips.** The EUR-USD may remain supported on dips after glancing off the upper extreme of its implied confidence interval. Expect the 1.1075-1.1100 neighbourhood to serve as a pivot point in the interim with the 100-day MA (1.1132) to cap.



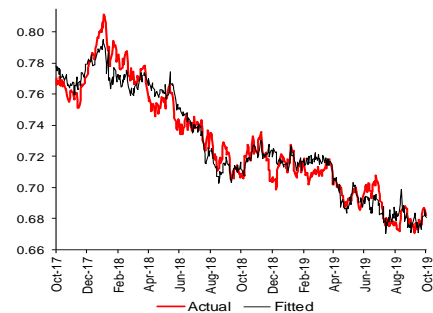
### USD-JPY

**Dips may be shallow.** Supportive risk appetite may continue to keep the USD-JPY aloft with short term implied valuations for the pair continuing to angle higher. Topside progress however may be hampered by a cluster of resistance levels ahead of the 200-day MA at 109.06.



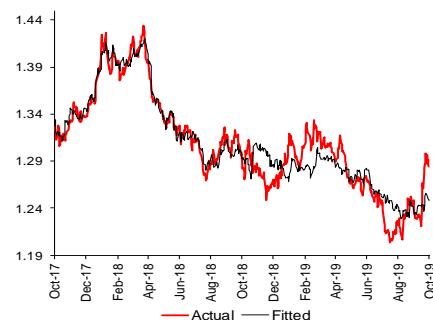
### AUD-USD

**Consolidation.** Background global macroeconomic misgivings have been offset somewhat by the slight recovery in risk appetite levels in recent sessions. If 0.6800 is breached, expect good support at the 55-day MA (0.6786) with the 100-day MA (0.6852) seen capping pending further Sino-US headlines next week.



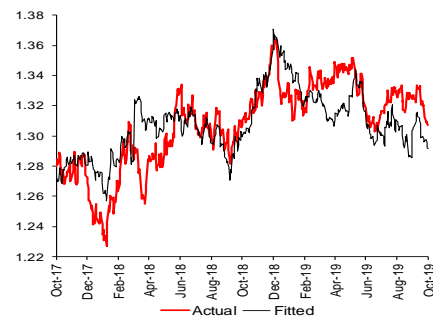
### GBP-USD

**Headline-driven.** The GBP-USD may remain heavily reliant on Brexit-related headlines and may continue to capitulate lower after over extending on the top side previously. Expect scope to drift back towards the 200-day MA (1.2715).



### USD-CAD

**Heavy.** The CAD was bolstered by firming crude prices on Thursday and model-implied valuations continue to slip into the end of the week. With 1.3100 violated, expect the pair to be weighed towards the next support level at 1.3018.



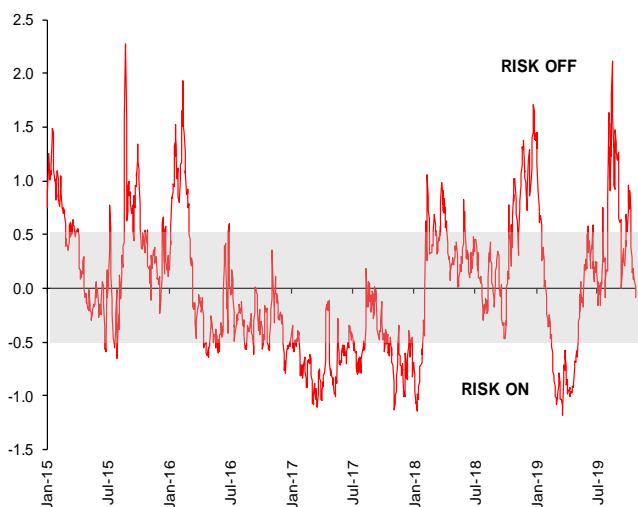
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### Asian Markets

- USD-Asia:** **USD-CNH** reacted higher in tandem with the dollar complex on Thursday and after US Vice President Pence's remarks on China-Hong Kong. Nonetheless, expect Asian FX to garner support from nascent background optimism, with the regional pairs still expected to remain top heavy.
- Bank Indonesia** delivered its 4<sup>th</sup> consecutive 25bps rate cut to 5.00% on Thursday but signaled a pause ahead and switched to a data dependent stance. Despite Finance Minister Indrawati indicating that the fiscal deficit is likely to widen this year, we think Indonesian assets remain an attractive proposition on balance given EM risk appetite, containment of the current account deficit, and relative yield differentials.
- Asian central banks we think may remain accommodative, with the **BSP** also announcing a further 100bps cut in the reserve requirement to 14% in early December.
- Net portfolio flows meanwhile remain somewhat supportive in Asia.** South Korea and Taiwan remain in a net inflow balance while in the south net inflows for India and Indonesia have demonstrated discernible upside momentum of late. The Philippines and Thailand meanwhile continue to see a compression in net outflows.
- USD-SGD:** The SGD NEER is a touch firmer at +1.64% above its perceived parity (1.3862) this morning with NEER-implied USD-SGD thresholds slightly higher. Expect USD-SGD to retain a top heavy bias ahead of the 200-day MA (1.3658) and a floor seen at 1.3600.

### FX Sentiment Index



### Technical support and resistance levels

	S2	S1	Current	R1	R2
EUR-USD	1.1035	1.1100	1.1103	1.1179	1.1194
GBP-USD	1.2715	1.2800	1.2840	1.2900	1.3013
AUD-USD	0.6787	0.6800	0.6812	0.6882	0.6884
NZD-USD	0.6300	0.6344	0.6368	0.6400	0.6429
USD-CAD	1.3018	1.3053	1.3074	1.3100	1.3241
USD-JPY	107.46	108.00	108.65	108.94	109.00
USD-SGD	1.3600	1.3602	1.3639	1.3658	1.3700
EUR-SGD	1.5086	1.5100	1.5145	1.5200	1.5210
JPY-SGD	1.2513	1.2527	1.2554	1.2600	1.2829
GBP-SGD	1.7363	1.7500	1.7513	1.7600	1.7721
AUD-SGD	0.9229	0.9252	0.9292	0.9300	0.9356
Gold	1470.52	1500.00	1501.40	1505.07	1512.74
Silver	17.78	17.80	17.86	17.90	17.96
Crude	55.38	55.80	55.88	55.90	56.00

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