

## Daily Market Outlook

27 November 2019

### Market Themes/Strategy – Final throes

- With Sino-US trade deal optimism being refreshed, the cyclicals (AUD, NZD, CAD) outperformed across the board on Tuesday with safe havens like the CHF and JPY trailing on the crosses as well as against the USD.
- On the **Fed** front, comments from **Kaplan** and **Brainard** continue to confirm that the bar remains high for a material reassessment of the steady state, echoing comments from Powell on Monday.
- Elsewhere, the AUD also found relative support after the **RBA's Lowe** stated that "The threshold for undertaking QE in Australia has not been reached, and I don't expect it to be reached in the near future."
- Elsewhere, although US stocks continued to climb, note EM equities trailing lower while major govie curves continued to soften. **On the latter, bear steepening expectations for 2019 may remain benched for now.**
- Overall, the **FXSI (FX Sentiment Index)** still managed to inch deeper into Risk-On territory, with short-end FX vol indicators plumbing historical lows.
- Pending further news headlines (Sino-US trade deal, HK-bill), investors may remain wary of extrapolating price action (soft dollar) from Tuesday. **Structurally, the Risk-On environment continues to translate poorly in FX space and we suspect the greenback may continue to hold the upper hand multi-session.**
- The global data calendar is fairly light today but watch for US October durable goods orders and the Oct PCE core deflator and pending home sales figures. Central bank speak includes the ECB's Lane at 0930 GMT.

Treasury Research

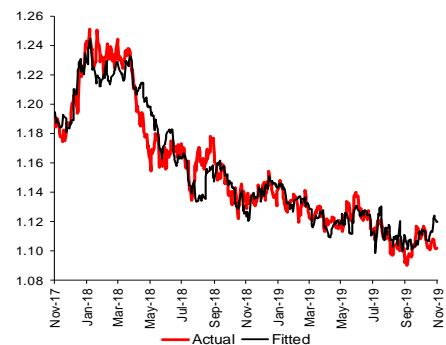
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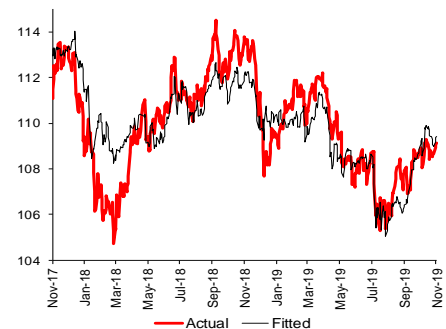
### EUR-USD

**Revert to heavy posture.** Despite short term implied valuations holding relatively aloft, the balance of risks for EUR-USD may remain biased to the downside with the 1.1000 support still under threat. In the interim, the 55-day MA (1.1042) may continue to limit.



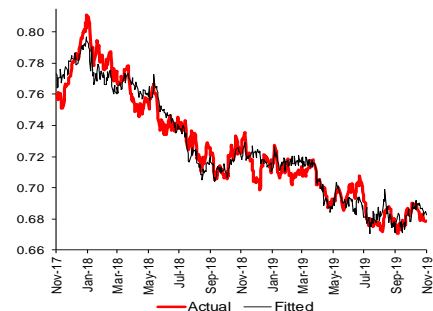
### USD-JPY

**Supported.** In line with short term implied valuations for the pair, USD-JPY is expected to remain supported on dips, buffered by the latest support from the risk appetite front. Expect the 200-day MA (108.94) to cushion with risks towards 109.30 instead.



### AUD-USD

**Weighed down.** Continue to fade upticks in AUD-USD pending concrete positives from the Sino-US front. Favor selling rallies within 0.6750-0.6800 despite the RBA distancing itself from QE.



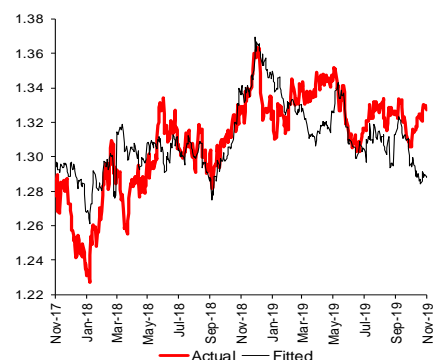
### GBP-USD

**Supported within range.** Short term implied valuations remain supported but near term appetite for further upside from here may remain lacking. Expect potential to gravitate towards the lower boundary of the recent 1.2800-1.3000 range.



### USD-CAD

**Consolidate.** USD-CAD may not wander too far from its 200-day MA (1.3278) with the pair also looking slightly overcooked on the upside relative to its short term implied valuations. Implicit support is also expected in the vicinity of 1.3250.



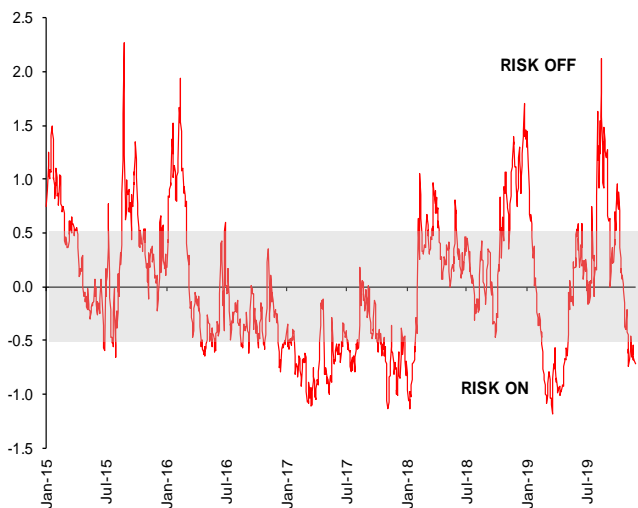
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### Asian Markets

- **USD-Asia:** **USD-CNH** slipped below 7.0200 overnight and this should act as a (limited) mild depressant for the rest of USD-Asia intra-day.
- Selected Asian central banks remain biased to the dovish end of the spectrum, with the **BSP** governor hinting of another rate cut as soon as December.
- **USD-SGD:** The **SGD NEER** is a touch softer at +1.59% above its perceived parity (1.3864) with NEER implied USD-SGD thresholds a touch easier. While the balance of risks may remain in favor of the USD, narrow ranges for the pair may continue to prevail with the 200-day MA (1.3665) expected to cap for now while downside probes are seen limited to 1.3620/30.

### FX Sentiment Index



### Technical support and resistance levels

	S2	S1	Current	R1	R2
EUR-USD	1.0989	1.1000	1.1014	1.1041	1.1100
GBP-USD	1.2789	1.2800	1.2849	1.2900	1.2971
AUD-USD	0.6749	0.6752	0.6786	0.6800	0.6806
NZD-USD	0.6351	0.6400	0.6426	0.6455	0.6466
USD-CAD	1.3218	1.3248	1.3278	1.3300	1.3328
USD-JPY	108.94	109.00	109.12	109.46	109.49
USD-SGD	1.3567	1.3600	1.3652	1.3658	1.3665
EUR-SGD	1.4973	1.5000	1.5036	1.5100	1.5107
JPY-SGD	1.2430	1.2500	1.2511	1.2549	1.2598
GBP-SGD	1.7400	1.7500	1.7542	1.7600	1.7663
AUD-SGD	0.9210	0.9229	0.9265	0.9300	0.9313
Gold	1437.19	1446.20	1459.30	1487.28	1500.00
Silver	16.62	17.00	17.02	17.10	17.50
Crude	57.49	58.20	58.21	58.30	58.74

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