

## Daily Market Outlook

27 September 2019

### Market Themes/Strategy

- **Still looking towards the USD.** Except the NZD, the majors continued to retreat from the USD on Thursday with the EUR (note dovish comments from the ECB's Lane) and GBP underperforming across the board. Despite the Fed's Barkin sounding less than dovish, there was no single driver of dollar strength with investors remaining antsy amid a range of usual negatives including USD funding pressures, Trump whistleblower/impeachment concerns, Brexit, month/quarter-end flows, Sino-US and EU-US trade tensions. Overall, the **DX** closed above the 99.00 region.
- Meanwhile, the **NZD-USD** went against the grain and gained after the RBNZ governor stated that the central bank is "unlikely" to require "unconventional" monetary tools. To this end, expect investors to abandon **AUD-NZD** longs.
- UST yields consolidated lower with US equities with the **FXSI (FX Sentiment Index)** quietly seeping into **Risk-Off** territory from Risk-Neutral territory.
- Continue to watch for **Sino-US** trade chatter, with Trump on Wednesday and the Chinese Commerce Ministry and Chinese Foreign Minister on Thursday sounding less combative.
- On the **calendar** today, look to the BOE's Saunders (0700 GMT), the ECB's Guindos and Knot (0715 GMT), the Fed's Quarles (1230 GMT), the ECB's Lane and Hernandez at 1230 GMT and 1300 GMT, and the Fed's Harker at 1700 GMT.
- **We stay the course with our near term views and remain suitably bearish on the EUR (including on selected crosses like the EUR-CNH) while nascent Sino-US optimism may not translate just yet into AUD outperformance just yet.**

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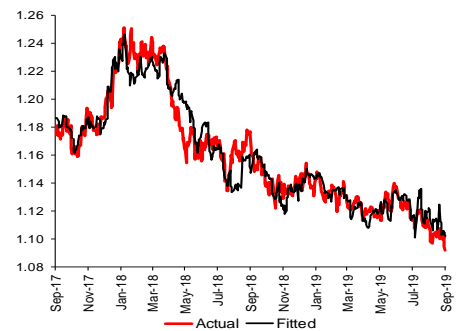
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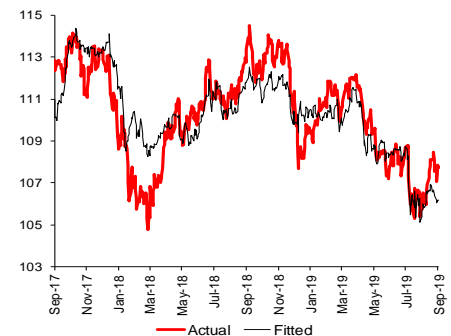
### EUR-USD

**Top heavy.** The EUR-USD may continue to push the envelope on the downside with initial support seen at 1.0900 and with the pair already shadowing the lower bounds of its short term implied confidence interval.



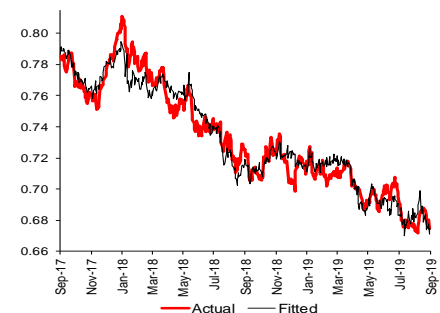
### USD-JPY

**Consolidate.** USD-JPY (already slightly stretched relative to short term implied valuations) may remain supported by intrinsic dollar demand in the near term but the drift into Risk-Off territory may cap excessive upside. Expect the top side to be limited in any foray into the 108.00-108.50 zone while 107.50 should cushion in the interim.



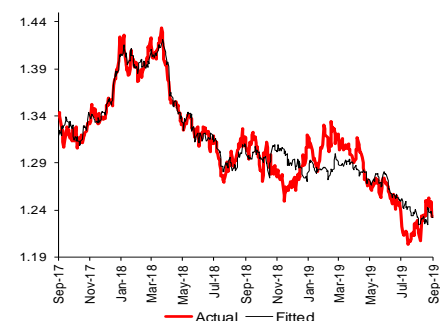
### AUD-USD

**Heavy tone.** AUD-USD may continue to be held hostage by a firmer dollar bias in the near term with short term implied valuations for the pair also continuing to sink. If 0.6750 is perforated, expect further decay towards 0.6700.



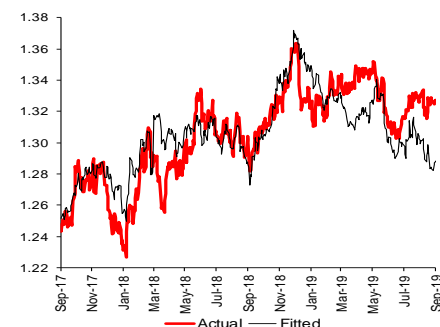
### GBP-USD

**Topping out.** News flow out of the EU front with respect to deal prospects remain less than encouraging. Pending further developments out of Parliament, the support at the 55-day MA (1.2286) may be in danger of being punctured ahead of the next key psychological level at 1.2200.



### USD-CAD

**Flat to higher.** USD-CAD may remain trapped in recent ranges (but supported if crude continues to capitulate lower) with short term implied valuations for the pair still looking supported. Multi-session, expect the 55-day MA (1.3226) and the 200-day MA (1.3302) to continue to cordon off the pair.



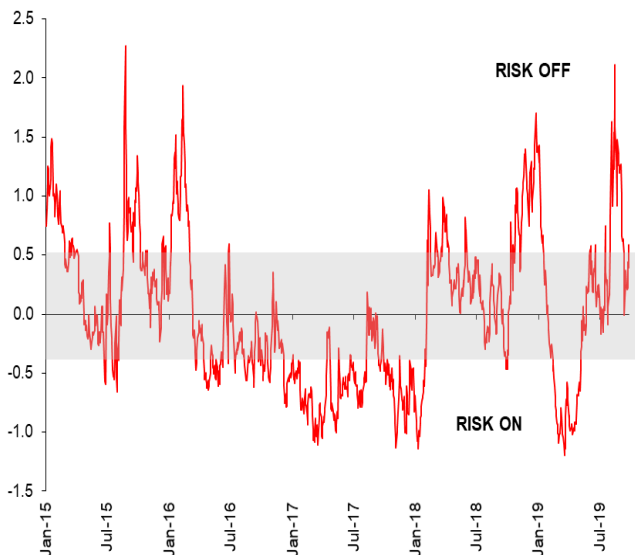
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### Asian Markets

- **USD-Asia: USD supremacy for now. USD-CNH** continued to hold above 7.1200 on Thursday and expect the rest of USD-Asia to continue to be beholden to a firmer USD complex intra-day. Nonetheless, expect some stability to be had from the renminbi front ahead of the **China National Day** holiday week.
- The **BSP** loosened monetary policy further as widely expected on Thursday although the central bank noted that the next cut would be data dependent.
- **USD-SGD:** USD-SGD lifted clean off the 1.3800 area on Thursday amid USD strength and the significant downside disappointing August industrial production numbers (-8.0% yoy). The SGD NEER is softer on the day at around +0.99% above its perceived parity (1.3957). In the interim, expect solid support at the 55-day MA (1.3782) with initial resistance at 1.3840.

### FX Sentiment Index



### Technical support and resistance levels

	S2	S1	Current	R1	R2
EUR-USD	1.0900	1.0905	1.0919	1.0922	1.1000
GBP-USD	1.2267	1.2300	1.2330	1.2400	1.2582
AUD-USD	0.6700	0.6711	0.6755	0.6800	0.6812
NZD-USD	0.6242	0.6255	0.6294	0.6300	0.6434
USD-CAD	1.3200	1.3243	1.3272	1.3300	1.3302
USD-JPY	107.00	107.08	107.71	108.00	108.48
USD-SGD	1.3800	1.3802	1.3824	1.3893	1.3900
EUR-SGD	1.5044	1.5076	1.5095	1.5100	1.5295
JPY-SGD	1.2677	1.2800	1.2833	1.2892	1.2900
GBP-SGD	1.6930	1.7000	1.7045	1.7100	1.7298
AUD-SGD	0.9296	0.9300	0.9338	0.9400	0.9402
Gold	1491.66	1500.00	1504.20	1545.27	1559.80
Silver	17.40	17.80	17.88	17.90	19.07
Crude	56.05	56.10	56.17	56.20	56.48

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