

## Daily Market Outlook

19 November 2020

### Market Themes/Strategy

- Pfizer's final analysis reinforced the effectiveness of its vaccine, and it is now looking to apply for authorization for use. However, vaccine-related positivity is now facing diminishing returns, and the market is turning its focus to localised lockdowns in the US (most recently in NYC). In response, US equities closed softer for the second consecutive session, with UST yields largely static. The **FX Sentiment Index (FXSI)** edged lower, but is effectively sideways within the **Risk-On** zone for the better part of the past 10 sessions, suggesting that although the market's default is to lean risk positive somewhat, there isn't a very strong push towards that direction.
- The **broad USD** retained a heavy tone, but the movement is more of a slow grind. Commodity currencies outperformed as a whole on the back of a firmer commodity complex. This move was led by the **NZD** and **NOK**, while the **AUD** failed to participate and remains anchored around the 0.7300 locus. The EUR was trapped between 1.1850 and 1.1900 before breaking lower this morning
- **Vaccine-related positivity is largely losing steam, but the uptick in cases and localised lockdowns in the US does not seem to trigger too much market concern as well.** There is as yet no significant signs of distress on the FX front. The leaves the FX moves on risk dynamics rather muted for now. The Biden advisors' explicit rule out of a nation-wide lockdown may have contributed to this calm. Nevertheless, that stance might change, so keep a close watch on that front. What is next? On the macro front, **the next US fiscal cliff is hitting by late December**, and the market will be watching for any signs of an extension of support. Furthermore, **attention may also be on the Fed over its willingness to expand its asset purchases in-line with the other major central banks.**

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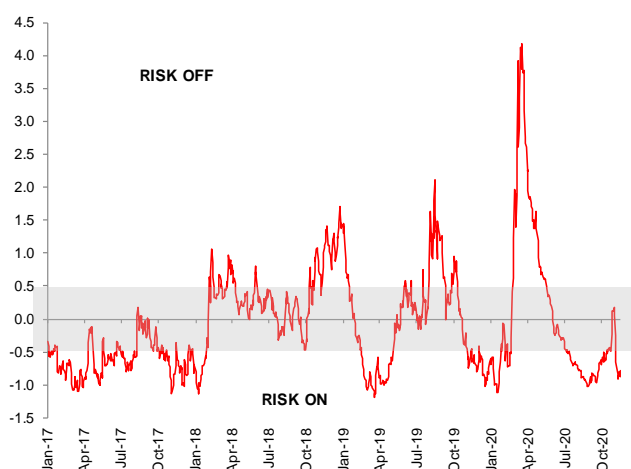
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### Asian Markets

- USD-Asia:** The USD-CNH lifted off lows at 6.5400, and is back above 6.5600 early Thu. Current levels present a no-man's land in the near term for this pair. With the USD soggy, a long USD-CNH would be hard to justify. Going short is viable, but better entry levels around 6.5800 may present. **Overall directional bias is still downwards, but prefer to position for some consolidation within range for now.** Some negative pressure on the Asian currencies early Thu on risk-off and supported USD-CNH, but we think this is in-line with expectations given the downside supports in the various USD-Asia pairs and the attention from the central banks. **Continue to expect MYR to outperform peers, with some expectation that the USD-IDR may also breach the 14,000 support if the BI exhibit no qualms on IDR strength.**
- The BOT** kept rates unchanged in its policy meeting yesterday, in line with market expectations. The rhetoric suggests an emphasis on more targeted policy tweaks, rather than explicit rate cuts in the future. This leads us to the view that the BOT rate cut cycle may pause for now. Note also the comments on THB strength, and the 20 Nov briefing on the issue. While this should keep the USD-THB buoyant for now, we do not think actions by the BOT will be able to offset the global cues.
- USD-SGD:** The SGD NEER is largely static on the day, standing at +0.25% above the perceived parity (1.3475) this morning. USD-SGD bounced off the downside target at 1.3400 yesterday. No change in our USD-SGD view for now, expecting it to be implicitly heavy, with the 1.3400/10 support potentially tested again. Prefer to sell on rallies for now.

### FX Sentiment Index



### Technical support and resistance levels

	S2	S1	Current	R1	R2
EUR-USD	1.1775	1.1800	1.1845	1.1900	1.1920
GBP-USD	1.2990	1.3200	1.3240	1.3300	1.3312
AUD-USD	0.7179	0.7200	0.7295	0.7300	0.7340
NZD-USD	0.6688	0.6900	0.6908	0.6945	0.6976
USD-CAD	1.2952	1.3000	1.3092	1.3100	1.3198
USD-JPY	103.18	103.39	103.82	104.00	105.03
USD-SGD	1.3400	1.3401	1.3427	1.3500	1.3590
EUR-SGD	1.5863	1.5900	1.5904	1.6000	1.6001
JPY-SGD	1.2761	1.2900	1.2932	1.2938	1.3000
GBP-SGD	1.7658	1.7700	1.7777	1.7800	1.7870
AUD-SGD	0.9700	0.9755	0.9795	0.9800	0.9859
Gold	1840.81	1848.00	1869.60	1900.00	1900.56
Silver	23.22	24.30	24.36	24.40	24.61
WTI Crude	39.70	41.60	41.63	41.70	43.06

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