

Daily FX Focus

28/1/2021

Important Risk Disclosure

- Investment involves risk. It is important to note that the capital value of investments and the income from them may go down as well as up and may become valueless and you may not get back the amount originally invested.
- Past performance contained in this document is not a reliable indicator of future performance.
- Currency conversion risk - the value of your foreign currency and RMB deposit will be subject to the risk of exchange rate fluctuation. If you choose to convert your foreign currency and RMB deposit to other currencies at an exchange rate that is less favourable than the exchange rate in which you made your original conversion to that foreign currency and RMB, you may suffer loss in principal.

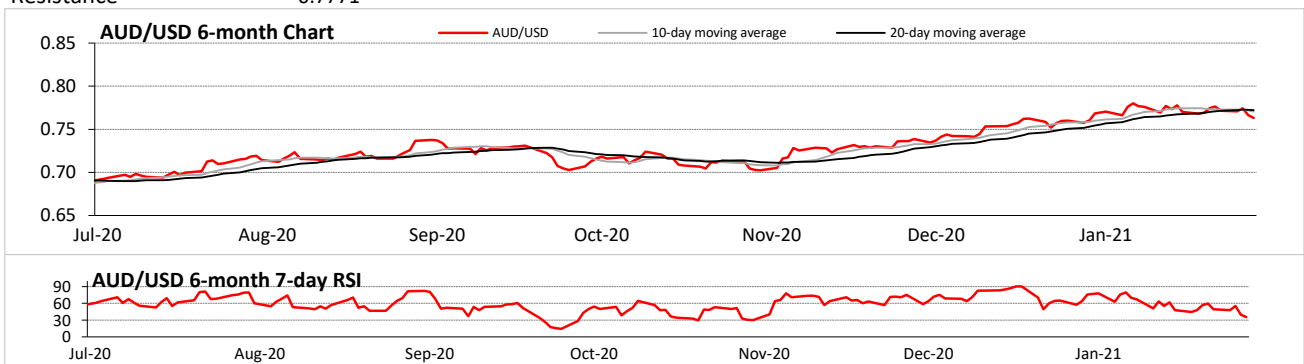
Currency	Current Trend	Support / Resistance	Market commentary
AUD	→	vs USD 0.7586 / 0.7771	Australia Q4 consumer price index rose 0.9%, which was higher than the market expected. However, as the market sentiment deteriorated, AUDUSD once plunged 1.1%, and dropped below the 0.77 handle overnight; while AUDHKD dropped below the 6.0 level
EUR	↘	vs USD 1.2012 / 1.2243	Germany lowered its economic growth forecast for this year to 3%, and the EUR was under pressure. EURUSD once fell 0.6% and dropped below the 1.21 level overnight; while EURHKD dropped below the 9.4 level during daytime.
GBP	↗	vs USD 1.3504 / 1.3813	While the market has been closely watching the progress of the U.K. vaccination program, market sentiment deteriorated. GBPUSD once fell 0.6% and dropped below the 1.37 handle overnight; while GBPHKD once dropped below the 10.6 level.
NZD	→	vs USD 0.7075 / 0.7261	U.S. December durable goods orders increased 0.2%, which was significantly worse than the market expected. NZDUSD plunged 0.9% and dropped below the 0.72 handle overnight; while NZDHKD dropped below the 5.6 level during daytime.
CAD	↘	vs USD 1.2644 / 1.2893	U.S. December durable goods orders increased 0.2%, which was significantly worse than the market expected. USDCAD once rose 0.8% and broke above the 1.28 level overnight; while CADHKD dropped below the 6.1 level during daytime.
JPY	↘	vs USD 103.47 / 104.55	U.S. December durable goods orders increased 0.2%, which was significantly worse than the market expected. USDJPY rose 0.3% and broke above the 104 handle overnight; while JPYHKD traded above the 7.4 level.

* Current Trend observations pertain to historical trend technical analysis only and do not reflect any forward looking fundamental views. The signal is generated with the the 20-days moving average as the main determining factor. A secondary reference, the 50-day moving average, can be used if needed.

→	Consolidation, indicates that the currency's movement against USD has remained sideways
↗	Up Trend, indicates that the currency has been moving higher against the base currency
↘	Down Trend, indicates that the currency has been moving lower against the base currency

AUD	→	RBA kept benchmark interest rate unchanged in December. Australia Q4 consumer price index rose 0.9%, which was higher than the market expected. However, as the market sentiment deteriorated, AUDUSD once plunged 1.1%, and dropped below the 0.77 handle overnight; while AUDHKD dropped below the 6.0 level during daytime.
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Technical Analysis	vs USD	Market's Focus
28-Jan	0.7660	
Daily change:	-0.77%	(+) Australia Q3 GDP fell 3.8% YoY, dropped less than a decrease of 6.4% in previous quarter
High	0.7805	(+) Australia December unemployment rate arrived at 6.6%, lower than 6.8% in previous month
Low	0.7620	(+) Australia December Commodity Price Index arrived at 11.7%, higher than 2.5% in previous month
Support*	0.7586	(-) Australia Q4 CPI rose 0.9% YoY, lower than an increase of 1.6% in previous quarter
Resistance*	0.7771	



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EUR



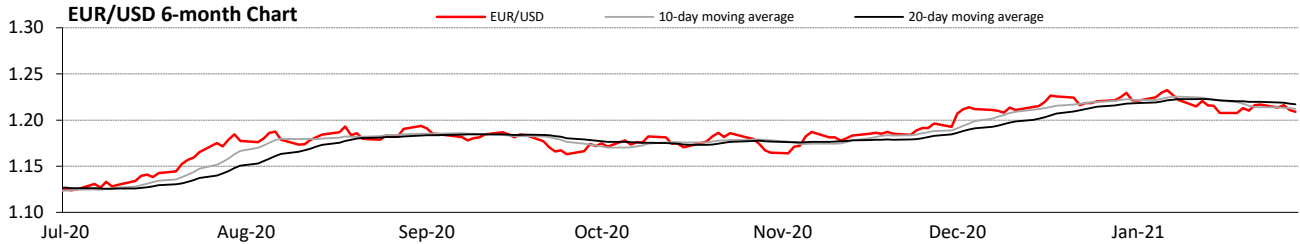
ECB kept benchmark interest rate unchanged in January. Germany lowered its economic growth forecast for this year to 3%, and the EUR was under pressure. EURUSD once fell 0.6% and dropped below the 1.21 level overnight; while EURHKD dropped below the 9.4 level during daytime.

Tehcnical Analysis	vs USD
28-Jan	1.2110
Daily change:	-0.11%
High	1.2283
Low	1.2052
Support*	1.2012
Resistance*	1.2243

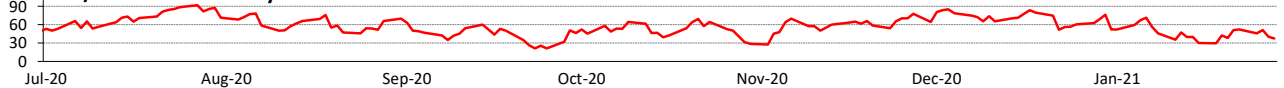
Market's Focus

- (~) Eurozone December CPI fell 0.3% YoY, same as previous month
- (-) Germany January manufacturing PMI arrived at 57, lower than 58.3 in previous month
- (-) Germany January Business Climate arrived at 90.1, lower than 92.2 in previous month

EUR/USD 6-month Chart



EUR/USD 6-month 7-day RSI



GBP



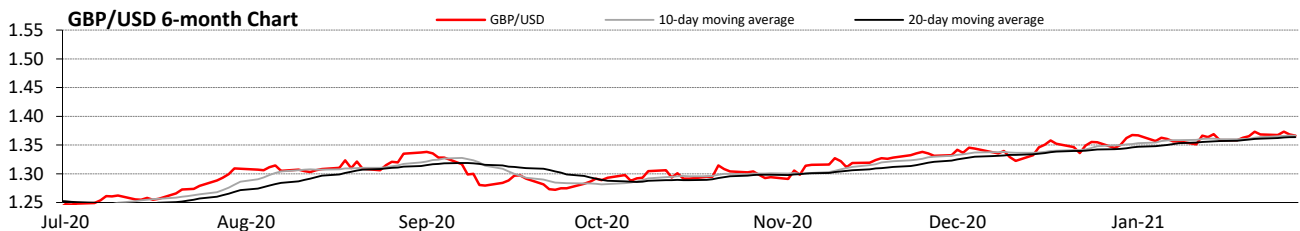
Bank of England kept benchmark interest rate unchanged in November. While the market has been closely watching the progress of the U.K. vaccination program, market sentiment deteriorated. GBPUSD once fell 0.6% and dropped below the 1.37 handle overnight; while GBPHKD once dropped below the 10.6 level.

Tehcnical Analysis	vs USD
28-Jan	1.3690
Daily change:	-0.10%
High	1.3758
Low	1.3449
Support*	1.3504
Resistance*	1.3813

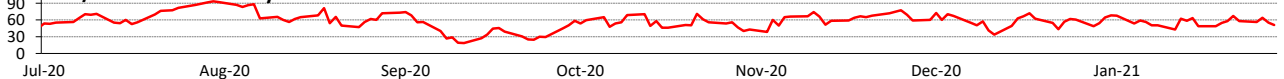
Market's Focus

- (+) UK December CPI rose 0.3% YoY, higher than a decrease of 0.1% in previous month
- (-) UK ILO November's 3Mths unemployment rate was at 5%, higher than 4.9% in previous month
- (+) UK December Nationwide House Prices All Houses rose 7.3% YoY, higher than an increase of 6.5% in previous month

GBP/USD 6-month Chart



GBP/USD 6-month 7-day RSI



HSBC



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NZD

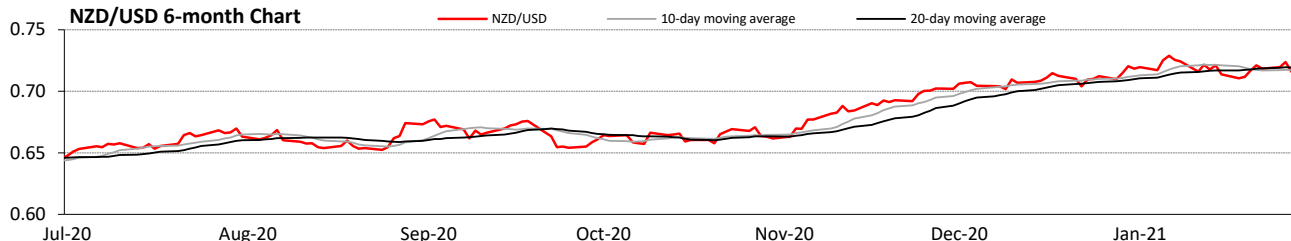


RBNZ kept benchmark interest rate unchanged in November. U.S. December durable goods orders increased 0.2%, which was significantly worse than the market expected. NZDUSD plunged 0.9% and dropped below the 0.72 handle overnight; while NZDHKD dropped below the 5.6 level during daytime.

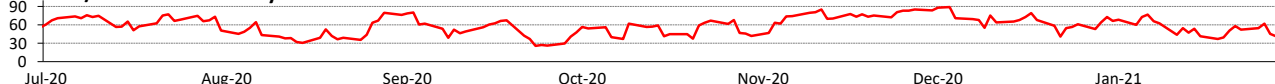
Technical Analysis

	vs USD	Market's Focus
28-Jan	0.7160	
Daily change:	-0.81%	(+) New Zealand Q3 GDP rose 0.4% YoY, higher than a decrease of 11.3% in previous quarter
High	0.7280	(~) New Zealand Q4 CPI rose 1.4% YoY, same as previous quarter
Low	0.7094	(-) New Zealand Q3 unemployment rate arrived at 5.3%, higher than 4% in previous quarter
Support*	0.7075	(+) New Zealand December Commodity Price Index arrived at 1.8%, higher than 0.9% in previous month
Resistance*	0.7261	

NZD/USD 6-month Chart



NZD/USD 6-month 7-day RSI



JPY

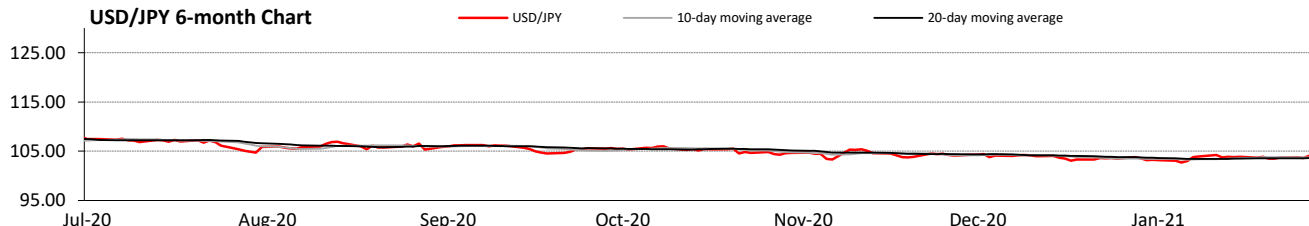


Bank of Japan kept benchmark interest rate unchanged in January. U.S. December durable goods orders increased 0.2%, which was significantly worse than the market expected. USDJPY rose 0.3% and broke above the 104 handle overnight; while JPYHKD traded above the 7.4 level.

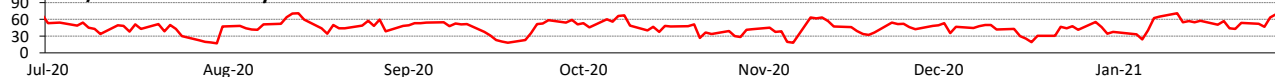
Technical Analysis

	vs USD	Market's Focus
28-Jan	104.09	
Daily change:	-0.18%	(+) Japan Q3 GDP fell 5.7% YoY, dropped less than a decrease of 10.3% in previous quarter
High	104.39	(-) Japan December CPI nationwide ex fresh food fell 1.2% YoY, dropped more than a decrease of 0.9% in previous month
Low	103.31	(-) Japan January manufacturing PMI arrived at 49.7, lower than 50 in previous month
Support*	103.47	(~) Japan November Industrial Production fell 0.5% MoM, same as previous month
Resistance*	104.55	

USD/JPY 6-month Chart



USD/JPY 6-month 7-day RSI



HSBC



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CAD



Bank of Canada kept benchmark interest rate unchanged in January. U.S. December durable goods orders increased 0.2%, which was significantly worse than the market expected. USDCAD once rose 0.8% and broke above the 1.28 level overnight; while CADHKD dropped below the 6.1 level during daytime.

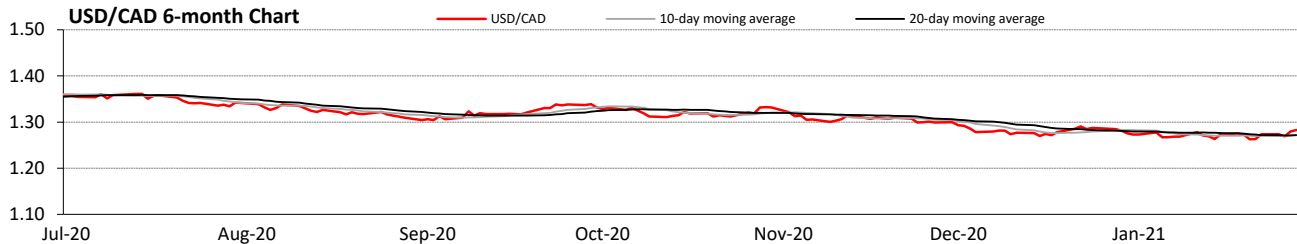
Technical Analysis

	vs USD
28-Jan	1.2800
Daily change:	-0.54%
High	1.2835
Low	1.2586
Support*	1.2644
Resistance*	1.2893

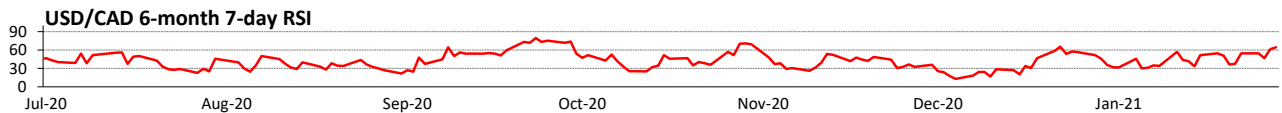
Market's Focus

- (+) Canada October GDP fell 3.5% YoY, dropped less than a decrease of 3.8% in previous month
- (-) Canada December CPI rose 0.7% YoY, lower than an increase of 1% in previous month
- (-) Canada December unemployment rate arrived at 8.8%, higher than 8.6% in previous month
- (+) Canada December Manufacturing PMI arrived at 57.9, higher than 55.8 in previous month

USD/CAD 6-month Chart



USD/CAD 6-month 7-day RSI



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Important Economic Data Release

Source: Bloomberg as of January 28, 2021

United States

		Analysts	Previous	Actual
26-Jan-21 Consumer Confidence*	Jan	89	88.6	89.3
26-Jan-21 Richmond Fed Manufact. Index	Jan	17%	19%	14%
27-Jan-21 Durable Goods Orders*	Dec	1%	1%	0.20%
27-Jan-21 Durables Ex Transportation	Dec	0.50%	0.40%	0.70%
27-Jan-21 MBA Mortgage Applications*	Weekly		-1.90%	-4.10%
28-Jan-21 GDP QoQ (Annualised)*	Qtrly	4.20%	33.40%	-
28-Jan-21 GDP Price Index	Qtrly	2.20%	3.50%	-
28-Jan-21 PCE Deflator QoQ	Qtrly	1.20%	3.40%	-
28-Jan-21 Personal Consumption	Qtrly	3.20%	41%	-
28-Jan-21 Initial Jobless Claims*	Weekly	880K	900K	-
28-Jan-21 Continuing Claims	Weekly	5000K	5054K	-
28-Jan-21 Leading Indicators*	Dec	0.30%	0.60%	-
28-Jan-21 Wholesale Inventories	Dec	0.40%	0%	-
28-Jan-21 New Home Sales*	Dec	860K	841K	-
28-Jan-21 New Home Sales*	Dec	860K	841K	-
29-Jan-21 Chicago Purchasing Manager	Jan	58	58.7	-
29-Jan-21 U. of Michigan Confidence*	Mar	79.2	79.2	-
29-Jan-21 Employment Cost Index	Qtrly	0.50%	0.50%	-
29-Jan-21 Personal Spending*	Dec	-0.40%	-0.40%	-
29-Jan-21 Personal Income*	Dec	0.10%	-1.10%	-
29-Jan-21 Pending Home Sales MoM	Dec	-0.25%	-2.60%	-

Regional

26-Jan-21 Hong Kong Export YoY %	Dec	8.40%	5.60%	11.70%
26-Jan-21 Hong Kong Import YoY %	Dec	8%	5.10%	14.10%
27-Jan-21 Australia Consumer Price (QoQ)*	Qtrly	0.7	1.6	0.9
27-Jan-21 Australia Consumer Price (YoY)*	Qtrly	0.70%	0.70%	0.90%
28-Jan-21 New Zealand Trade Balance*	Dec	800M	252.11M	-
28-Jan-21 New Zealand Imports	Dec	4.85M	4952.51M	-
29-Jan-21 Australia Private Sector Credit Mo	Dec	0.20%	0.10%	-
29-Jan-21 Australia Private Sector Credit Yo	Dec	1.70%	1.70%	-
29-Jan-21 Australia Producer Price Index (Qo	Qtrly		0.40%	-
29-Jan-21 Hong Kong GDP (YoY)	Qtrly	-1.90%	-3.50%	-
29-Jan-21 Hong Kong GDP (QoQ)	Qtrly	0.70%	2.80%	-
29-Jan-21 Hong Kong Gov't Monthly Budget	Dec		-5.9B	-

G7 Countries

25-Jan-21 Germany Germany IFO - Business Cli	Jan	91.4	92.1	90.1
25-Jan-21 Germany IFO - Expectations*	Jan	93.6	92.8	91.1
25-Jan-21 Germany IFO - Current Assessment	Jan	90.6	91.3	89.2
26-Jan-21 UK Jobless Claims Change*	Dec		64.3K	7K
26-Jan-21 UK Claimant Count Rate*	Dec		7.40%	7.40%
26-Jan-21 UK ILO Unemployment Rate (3mths)	Nov	5.10%	4.90%	5%
28-Jan-21 Germany Consumr Price Index (MoM)	Jan	0.40%	0.50%	-
28-Jan-21 Germany Consumr Price Index (YoY)	Jan	0.70%	-0.30%	-
28-Jan-21 Germany CPI - EU Harmonised (YoY)	Jan	0.50%	-0.70%	-
28-Jan-21 Germany CPI - EU Harmonised (MoM)	Jan	0.30%	0.60%	-
28-Jan-21 Japan Retail Trade YoY	Dec	-0.50%	0.60%	-
28-Jan-21 Japan Retail Trade MoM SA	Dec	-0.70%	-2.10%	-
28-Jan-21 UK Nat'wide House Price sa (MoM)*	Jan	0.30%	0.80%	-
28-Jan-21 UK Nat'wide House Price nsa (YoY)*	Jan	6.90%	7.30%	-
29-Jan-21 Canada GDP MoM*	Nov	0.40%	0.40%	-
29-Jan-21 Canada Industrial Product Price Mo	Dec	1.40%	-0.60%	-
29-Jan-21 France GDP (QoQ)	Qtrly	-4%	18.70%	-
29-Jan-21 France GDP (YoY)	Qtrly	-7.60%	-3.90%	-
29-Jan-21 Germany Unemployment Change	Jan	7.5K	-37K	-



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Central Bank Rate

	Current	Prior	Date		Current	Prior	Date
FED Fund	0.00	0.25	18-Mar-21	Canada (BOC)	0.25	0.25	10-Mar-21
Europe (ECB)	0.00	0.00	11-Mar-21	Japan (BOJ)	0.00	-0.10	19-Mar-21
UK (BOE)	0.75	0.10	4-Feb-21	Malaysia	1.75	0.00	0-Jan-00
Australia (RBA)	0.10	0.10	2-Feb-21	Taiwan	1.13	1.13	0-Jan-00
New Zealand (RBNZ)	0.25	0.25	24-Feb-21	Indonesia	0.00	3.75	0-Jan-00

Please take note that the primary sources of all the charts are from Reuters dated 28 Jan 2021 before 9:00 am

Terminology:

Support level: Is the currency level where it tends to find support as it is going down i.e. market participants tend to see value at these levels and price is more likely to bounce up than go lower.

Resistance level: Is the currency level where it tends to find resistance as it is going up i.e. market participants tend to consider this as a ceiling and prevent prices from going up further.

*Please note that the indicative support and resistance level are given for general reference only. Customers should not rely on this information to buy or sell currency.

Relative Strength Index (RSI): Is a technical momentum indicator that compares the magnitude of recent gains to recent losses in an attempt to determine overbought and oversold conditions of an asset. The scale is 0 – 100 and typically overbought conditions are indicated by readings >70 and oversold conditions when <30.

Moving average: Is an indicator frequently used in technical analysis showing the average value of a currency's price over a set period. Moving averages are generally used to measure momentum and define areas of possible support and resistance. Moving averages are used to emphasize the direction of a trend and to smooth out price and volume fluctuations, or 'noise', that can confuse interpretation.

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