

# Daily FX Focus

29/1/2021

## 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.

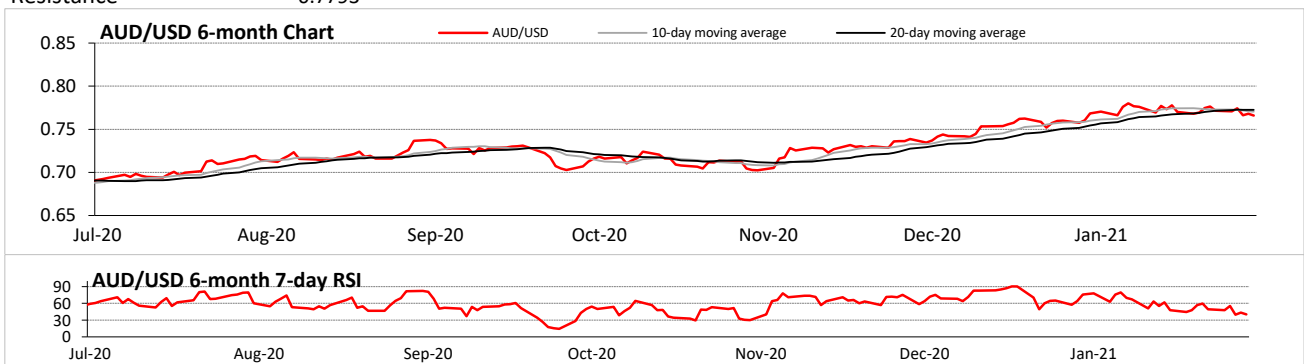
Currency	Current Trend	Support / Resistance	Market commentary
AUD	→	vs USD 0.7578 / 0.7793	U.S. data boosted risk sentiment and weakened safe-haven currencies, causing the commodity currencies to rise. AUDUSD rose by 1.0% overnight and broke through the 0.76 mark; while the AUDHKD traded below 6.0 handle overnight.
EUR	↘	vs USD 1.2040 / 1.2213	The ECB hinted that it might lower its deposit interest rate to curb the strength of the EUR. EURUSD stayed flat overnight and continued to trade above the 1.21 area; while EURHKD fell below the 9.4 level.
GBP	↗	vs USD 1.3525 / 1.3834	U.S. data boosted risk sentiment and weakened safe-haven currencies. GBPUSD rose 0.5% overnight, and once rose through the 1.37 handle; while GBPHKD traded at above the 10.6 level overnight.
NZD	→	vs USD 0.7094 / 0.7247	U.S. economic data supports risk sentiment, as the U.S. Q4 GDP growth rate is close to expectations, causing commodity currencies to rise. NZDUSD rose 0.8% overnight and continued to trade below the 0.72 level; while NZDHKD continued to trade below the 5.6
CAD	↘	vs USD 1.2649 / 1.2944	Rising risk sentiment strengthened the prices of risky assets and commodities. USDCAD fell 0.3% overnight to below the 1.29 mark; while CADHKD continued to trade below the 6.1 handle.
JPY	↘	vs USD 103.49 / 104.74	JPY was under pressure as US data boosted risk-sentiment. USDJPY was trading at above the 104 mark overnight; while JPYHKD continued to trade above the 7.4 area overnight.

\* 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. U.S. data boosted risk sentiment and weakened safe-haven currencies, causing the commodity currencies to rise. AUDUSD rose by 1.0% overnight and broke through the 0.76 mark; while the AUDHKD traded below 6.0 handle overnight.
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Technical Analysis	vs USD	Market's Focus
29-Jan	0.7680	
Daily change:	-0.28%	(+) 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	0.7590	(+) Australia December Commodity Price Index arrived at 11.7%, higher than 2.5% in previous month
Support*	0.7578	(-) Australia Q4 CPI rose 0.9% YoY, lower than an increase of 1.6% in previous quarter
Resistance*	0.7793	



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EUR

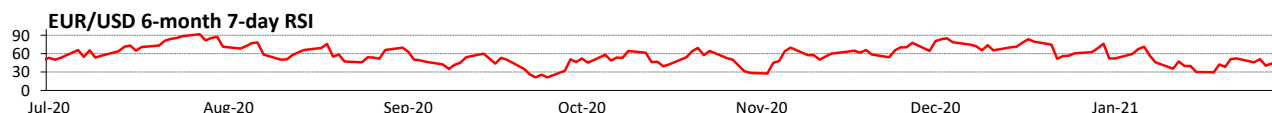
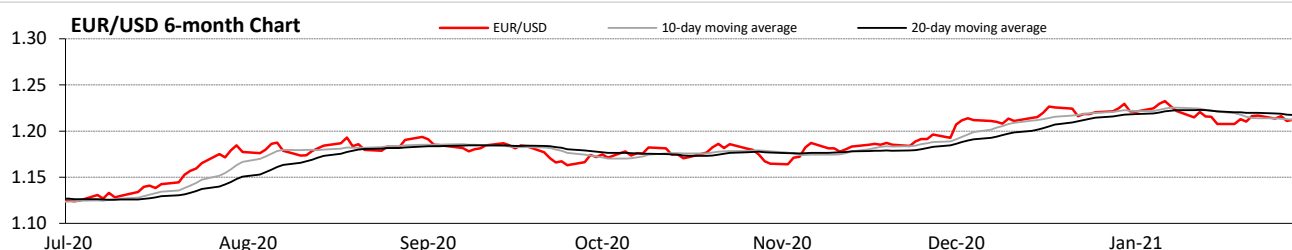


ECB kept benchmark interest rate unchanged in January. The ECB hinted that it might lower its deposit interest rate to curb the strength of the EUR. EURUSD stayed flat overnight and continued to trade above the 1.21 area; while EURHKD fell below the 9.4 level.

Tehcnical Analysis	vs USD
29-Jan	1.2120
Daily change:	-0.42%
High	1.2225
Low	1.2052
Support*	1.2040
Resistance*	1.2213

## 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



GBP

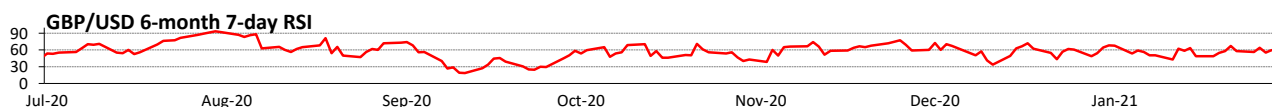
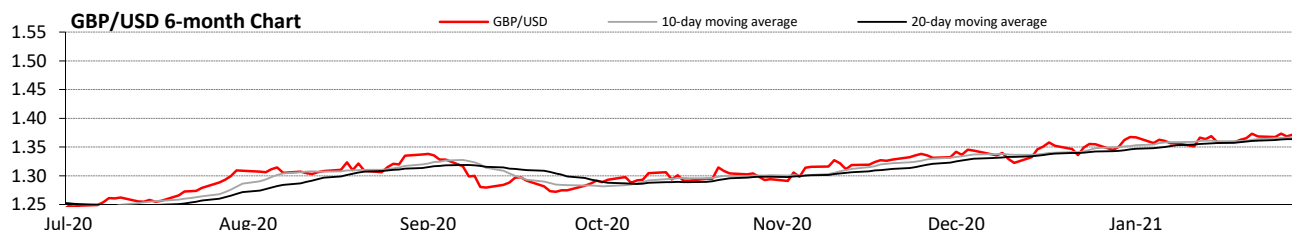


Bank of England kept benchmark interest rate unchanged in November. U.S. data boosted risk sentiment and weakened safe-haven currencies. GBPUSD rose 0.5% overnight, and once rose through the 1.37 handle; while GBPHKD traded at above the 10.6 level overnight.

Tehcnical Analysis	vs USD
29-Jan	1.3720
Daily change:	-0.26%
High	1.3758
Low	1.3449
Support*	1.3525
Resistance*	1.3834

## 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



HSBC



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NZD



RBNZ kept benchmark interest rate unchanged in November. U.S. economic data supports risk sentiment, as the U.S. Q4 GDP growth rate is close to expectations, causing commodity currencies to rise. NZDUSD rose 0.8% overnight and continued to trade below the 0.72 level; while NZDHKD continued to trade below the 5.6 level overnight.

## Technical Analysis

29-Jan

Daily change:

High

Low

Support\*

Resistance\*

vs USD

0.7170

-0.33% (+) New Zealand Q3 GDP rose 0.4% YoY, higher than a decrease of 11.3% in previous quarter

0.7247 (~) New Zealand Q4 CPI rose 1.4% YoY, same as previous quarter

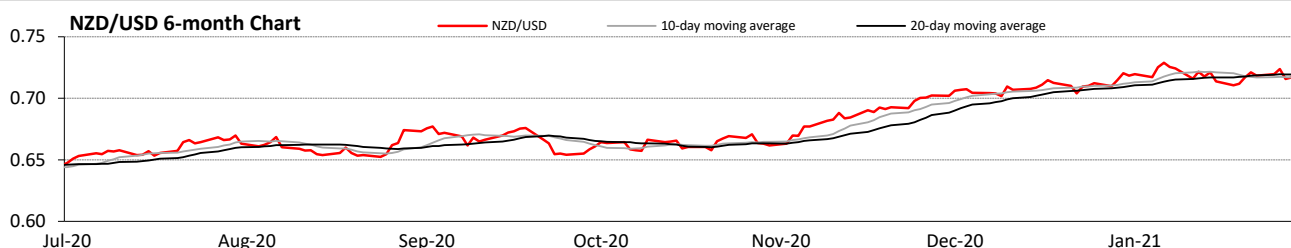
0.7094 (-) New Zealand Q3 unemployment rate arrived at 5.3%, higher than 4% in previous quarter

0.7094 (+) New Zealand December Commodity Price Index arrived at 1.8%, higher than 0.9% in previous month

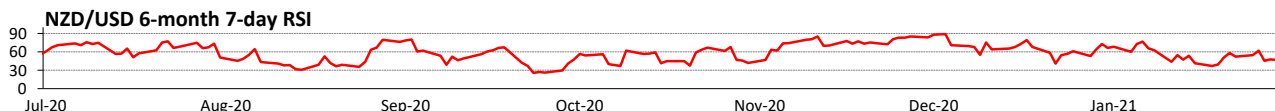
0.7247

## Market's Focus

### NZD/USD 6-month Chart



### NZD/USD 6-month 7-day RSI



JPY



Bank of Japan kept benchmark interest rate unchanged in January. JPY was under pressure as US data boosted risk-sentiment. USDJPY was trading at above the 104 mark overnight; while JPYHKD continued to trade above the 7.4 area overnight.

## Technical Analysis

29-Jan

Daily change:

High

Low

Support\*

Resistance\*

vs USD

104.21

-0.62% (+) Japan Q3 GDP fell 5.7% YoY, dropped less than a decrease of 10.3% in previous quarter

104.56 (-) Japan December CPI nationwide ex fresh food fell 1.2% YoY, dropped more than a decrease of 0.9% in previous month

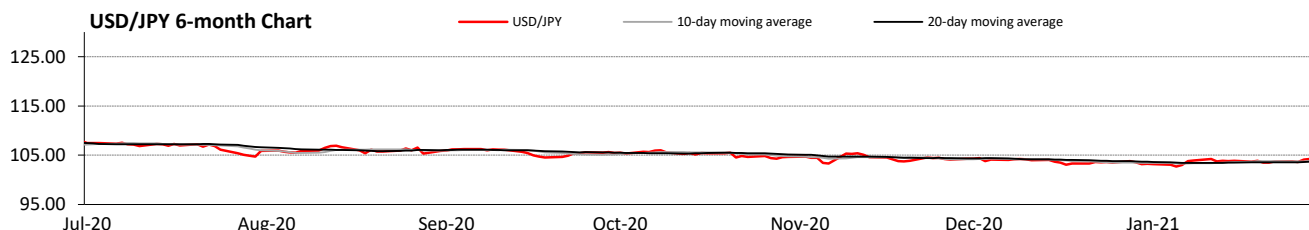
103.31 (-) Japan January manufacturing PMI arrived at 49.7, lower than 50 in previous month

103.49 (~) Japan December Industrial Production fell 1.6% MoM, same as previous month

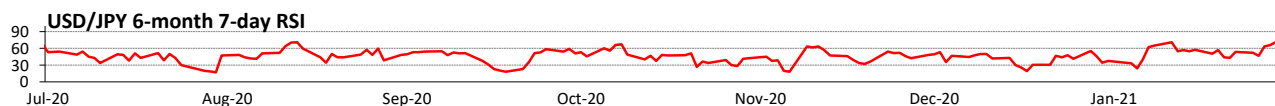
104.74

## Market's Focus

### USD/JPY 6-month Chart



### USD/JPY 6-month 7-day RSI



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# Daily FX Focus

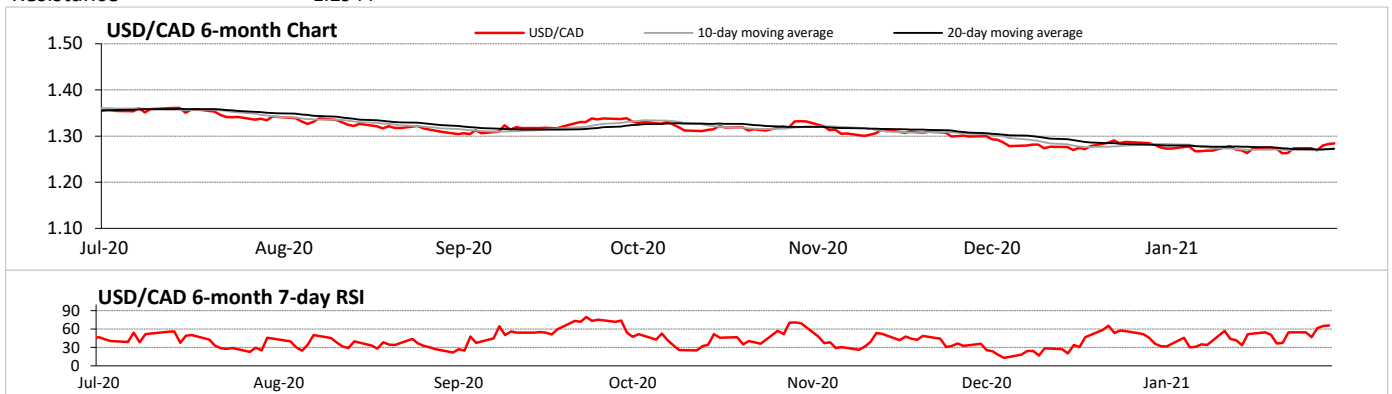
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CAD



Bank of Canada kept benchmark interest rate unchanged in January. Rising risk sentiment strengthened the prices of risky assets and commodities. USDCAD fell 0.3% overnight to below the 1.29 mark; while CADHKD continued to trade below the 6.1 handle.

Technical Analysis		vs USD	Market's Focus
29-Jan		1.2830	(+) Canada October GDP fell 3.5% YoY, dropped less than a decrease of 3.8% in previous month
Daily change:		-0.74%	(-) Canada December CPI rose 0.7% YoY, lower than an increase of 1% in previous month
High		1.2881	(-) Canada December unemployment rate arrived at 8.8%, higher than 8.6% in previous month
Low		1.2586	(+) Canada December Manufacturing PMI arrived at 57.9, higher than 55.8 in previous month
Support*		1.2649	
Resistance*		1.2944	



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## Important Economic Data Release

Source: Bloomberg as of January 29, 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%	4%
28-Jan-21 GDP Price Index	Qtrly	2.20%	3.50%	2%
28-Jan-21 PCE Deflator QoQ	Qtrly	1.20%	3.40%	
28-Jan-21 Personal Consumption	Qtrly	3.20%	41%	2.50%
28-Jan-21 Initial Jobless Claims*	Weekly	880K	900K 847K	
28-Jan-21 Continuing Claims	Weekly	5000K	5054K 4771K	
28-Jan-21 Leading Indicators*	Dec	0.30%	0.60%	0.30%
28-Jan-21 Wholesale Inventories	Dec	0.40%	0%	0.10%
28-Jan-21 New Home Sales*	Dec	860K	841K 842K	
28-Jan-21 New Home Sales*	Dec	860K	841K 842K	
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 17M	
28-Jan-21 New Zealand Imports	Dec	4.85M	4952.51M 5330M	
29-Jan-21 Australia Private Sector Credit MoM	Dec	0.20%	0.10% -	
29-Jan-21 Australia Private Sector Credit YoY	Dec	1.70%	1.70% -	
29-Jan-21 Australia Producer Price Index (QoQ)	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 Climate	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 Consumer Price Index (MoM)	Jan	0.40%	0.50%	0.80%
28-Jan-21 Germany Consumer Price Index (YoY)	Jan	0.70%	-0.30%	1%
28-Jan-21 Germany CPI - EU Harmonised (YoY)	Jan	0.50%	-0.70%	1.60%
28-Jan-21 Germany CPI - EU Harmonised (MoM)	Jan	0.30%	0.60%	1.40%
28-Jan-21 Japan Retail Trade YoY	Dec	-0.50%	0.60%	-0.30%
28-Jan-21 Japan Retail Trade MoM SA	Dec	-0.70%	-2.10%	-0.80%
28-Jan-21 UK Nat'wide House Price sa (MoM)*	Jan	0.30%	0.80%	0.80%
28-Jan-21 UK Nat'wide House Price nsa (YoY)*	Jan	6.90%	7.30%	7.30%
29-Jan-21 Canada GDP MoM*	Nov	0.40%	0.40% -	
29-Jan-21 Canada Industrial Product Price MoM	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	0.25	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)	-0.10	-0.10	19-Mar-21
UK (BOE)	0.75	0.10	4-Feb-21	Malaysia	1.75	1.75	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	3.75	3.75	0-Jan-00

**Please take note that the primary sources of all the charts are from Reuters dated 29 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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