

# Daily FX Focus

22/10/2020

## 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.

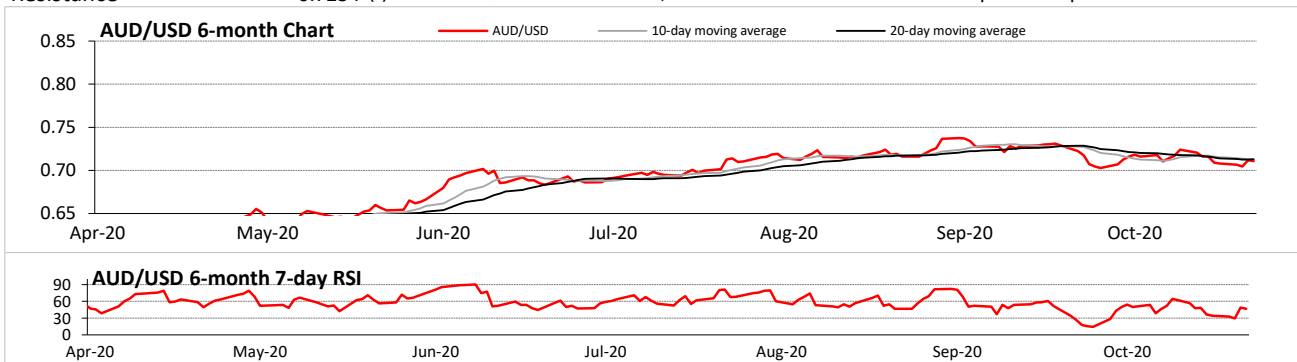
Currency	Current Trend	Support / Resistance	Market commentary
AUD	↘	vs USD 0.7009 / 0.7234	Investors expected that the two parties in the U.S. might reach a consensus on the new round of economic stimulus package, market sentiment improved and the commodity currencies were supported. AUDUSD rose 0.4% and broke above the 0.71 handle
EUR	↗	vs USD 1.1738 / 1.1932	The market tended to believe that the Democratic Party candidate Biden will have a better chance of winning the U.S. presidential election, and the USD continued to be weak. USD index dropped to its lowest in recent 7 weeks, and EURUSD rose 0.2% overnight; while
GBP	↗	vs USD 1.2927 / 1.3269	The EU's Brexit negotiator was optimistic about the progress of the bilateral trade agreement, and the GBP was sought after. GBPUSD surged 0.7% and broke above the 1.31 handle overnight; while GBPHKD broke above the 10.1 level during daytime.
NZD	↗	vs USD 0.6570 / 0.6708	Investors expected that the two parties in the U.S. might reach a consensus on the new round of economic stimulus package, market sentiment improved and the commodity currencies were supported. NZDUSD broke above the 0.66 handle during daytime, and
CAD	↗	vs USD 1.3035 / 1.3298	Canada September consumer price index grew 0.5% year-on-year, which was slightly higher than the market expected. USDCAD rose slightly by 0.2% overnight; while CADHKD dropped below the 5.9 level.
JPY	↗	vs USD 103.89 / 105.67	The market tended to believe that the Democratic Party candidate Biden will have a better chance of winning the U.S. presidential election, and the USD continued to be weak. USDJPY fell 0.4% overnight; while JPYHKD broke 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 October. Investors expected that the two parties in the U.S. might reach a consensus on the new round of economic stimulus package, market sentiment improved and the commodity currencies were supported. AUDUSD rose 0.4% and broke above the 0.71 handle overnight; while AUDHKD broke above the 5.5 level.
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Technical Analysis	vs USD	Market's Focus
22-Oct	0.7120	(-) Australia Q2 GDP fell 6.3% YoY, lower than an increase of 1.6% in previous quarter
Daily change:	0.60%	(-) Australia September unemployment rate arrived at 6.9%, higher than 6.8% in previous month
High	0.7243	(+) Australia September Commodity Price Index arrived at -5.8%, dropped less than -10.2% in previous month
Low	0.7018	
Support*	0.7009	
Resistance*	0.7234	(-) Australia Q2 CPI fell 1.9% YoY, lower than an increase of 0.3% in previous quarter



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EUR

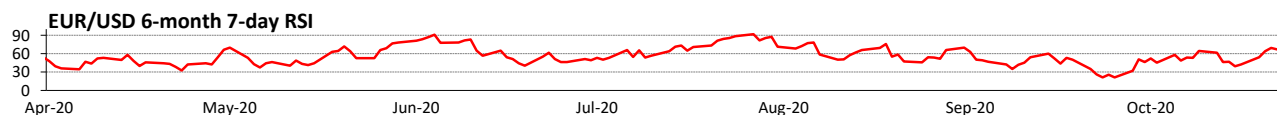
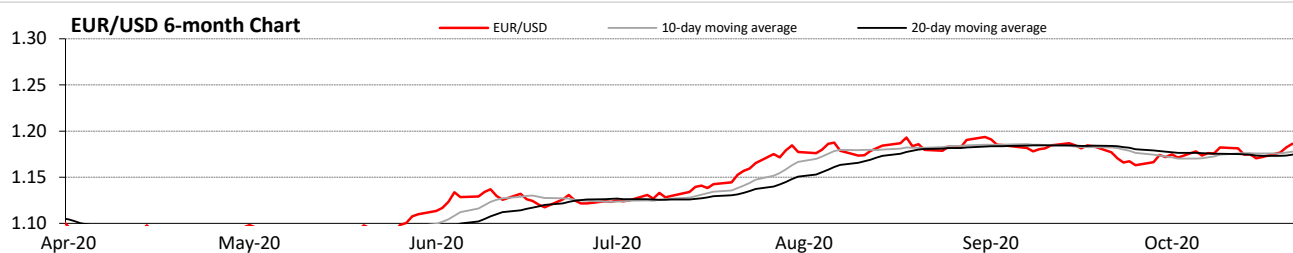


ECB kept benchmark interest rate unchanged in September. The market tended to believe that the Democratic Party candidate Biden will have a better chance of winning the U.S. presidential election, and the USD continued to be weak. USD index dropped to its lowest in recent 7 weeks, and EURUSD rose 0.2% overnight; while EURHKD once broke above the 9.2 level.

Tehcnical Analysis	vs USD
22-Oct	1.1860
Daily change:	-0.06%
High	1.1880
Low	1.1686
Support*	1.1738
Resistance*	1.1932

## Market's Focus

- (-) Eurozone September CPI fell 0.3% YoY, dropped more than a decrease of 0.2% in previous month
- (+) Germany September manufacturing PMI arrived at 56.4, higher than 52.2 in previous month
- (+) Germany September Business Climate arrived at 93.4, higher than 92.5 in previous month



GBP

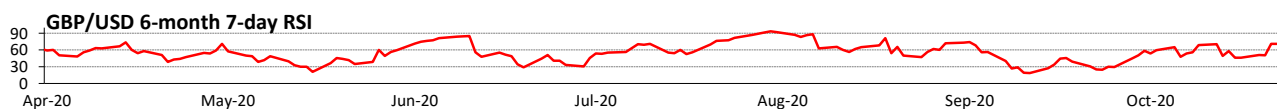
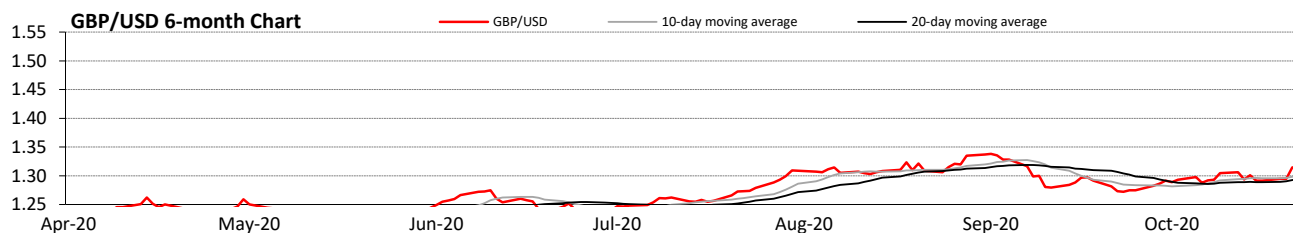


Bank of England kept benchmark interest rate unchanged in September. The EU's Brexit negotiator was optimistic about the progress of the bilateral trade agreement, and the GBP was sought after. GBPUSD surged 0.7% and broke above the 1.31 handle overnight; while GBPHKD broke above the 10.1 level during daytime.

Tehcnical Analysis	vs USD
22-Oct	1.3140
Daily change:	1.20%
High	1.3177
Low	1.2835
Support*	1.2927
Resistance*	1.3269

## Market's Focus

- (+) UK September CPI rose 0.4% YoY, higher than a decrease of 0.4% in previous month
- (-) UK ILO August's 3Mths unemployment rate was at 4.5%, higher than 4.3% in previous month
- (+) UK September Nationwide House Prices All Houses rose 5% YoY, higher than an increase of 3.7% in previous month



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NZD



RBNZ kept benchmark interest rate unchanged in September. Investors expected that the two parties in the U.S. might reach a consensus on the new round of economic stimulus package, market sentiment improved and the commodity currencies were supported. NZDUSD broke above the 0.66 handle during daytime, and rose for another 0.4% overnight; while NZDHKD stayed above the 5.1 level.

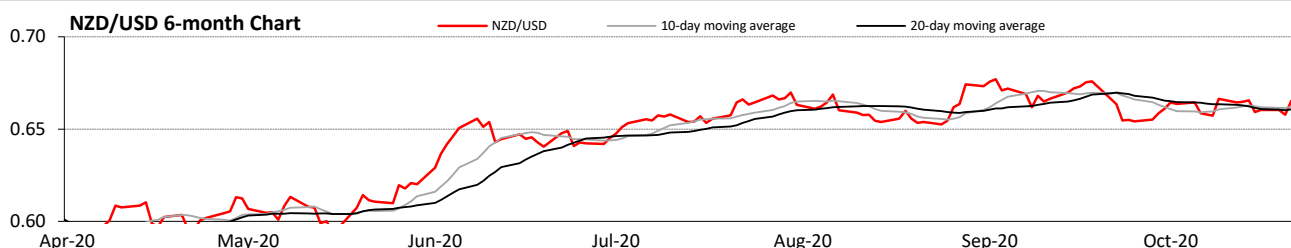
## Technical Analysis

	vs USD
22-Oct	0.6650
Daily change:	0.74%
High	0.6682
Low	0.6544
Support*	0.6570
Resistance*	0.6708

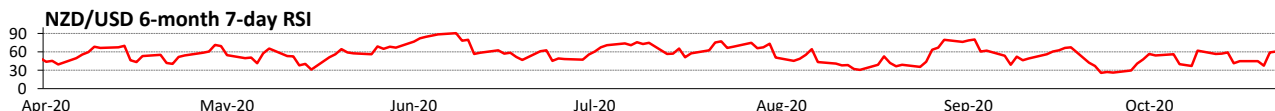
## Market's Focus

- (-) New Zealand Q2 GDP fell 12.4% YoY, dropped more than a decrease of 0.1% in previous quarter
- (-) New Zealand Q2 CPI rose 1.5% YoY, lower than an increase of 2.5% in previous quarter
- (+) New Zealand Q2 unemployment rate arrived at 4%, lower than 4.2% in previous quarter
- (+) New Zealand September Commodity Price Index arrived at -0.2%, dropped less than -1% in previous month

NZD/USD 6-month Chart



NZD/USD 6-month 7-day RSI



JPY



Bank of Japan kept benchmark interest rate unchanged in September. The market tended to believe that the Democratic Party candidate Biden will have a better chance of winning the U.S. presidential election, and the USD continued to be weak. USDJPY fell 0.4% overnight; while JPYHKD broke above the 7.4 level.

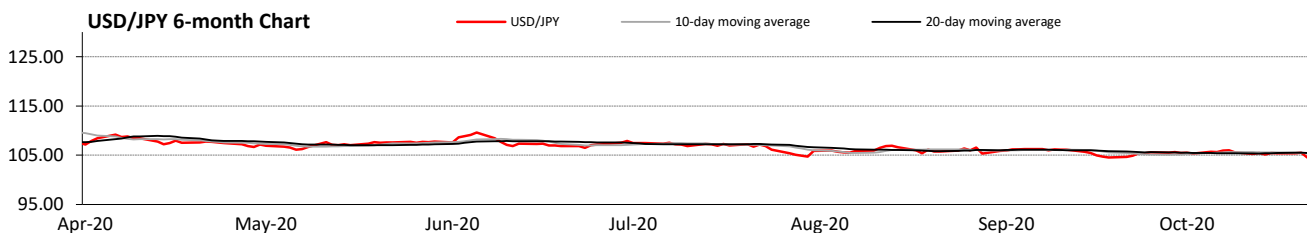
## Technical Analysis

	vs USD
22-Oct	104.56
Daily change:	0.50%
High	106.10
Low	104.32
Support*	103.89
Resistance*	105.67

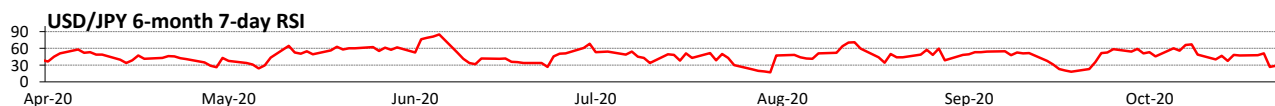
## Market's Focus

- (-) Japan Q2 GDP fell 9.9% YoY, dropped more than a decrease of 1.8% in previous quarter
- (-) Japan August CPI nationwide ex fresh food rose 0.2% YoY, lower than an increase of 0.3% in previous month
- (+) Japan September manufacturing PMI arrived at 47.7, higher than 47.2 in previous month
- (~) Japan August Industrial Production rose 1% MoM, same as previous month

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 September. Canada September consumer price index grew 0.5% year-on-year, which was slightly higher than the market expected. USDCAD rose slightly by 0.2% overnight; while CADHKD dropped below the 5.9 level.

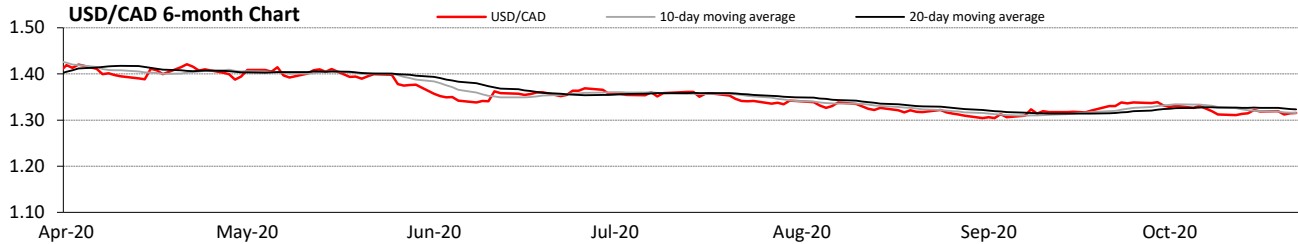
## Technical Analysis

	vs USD
22-Oct	1.3150
Daily change:	-0.51%
High	1.3340
Low	1.3077
Support*	1.3035
Resistance*	1.3298

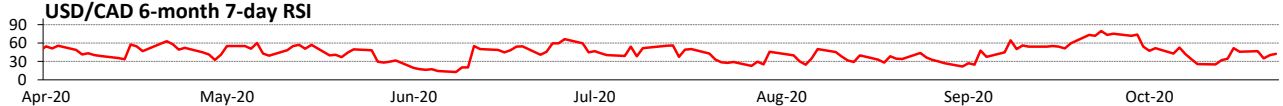
## Market's Focus

- (+) Canada July GDP fell 5% YoY, dropped less than a decrease of 7.7% in previous month
- (+) Canada September CPI rose 0.5% YoY, higher than an increase of 0.1% in previous month
- (+) Canada September unemployment rate arrived at 9%, lower than 10.2% in previous month
- (+) Canada September Manufacturing PMI arrived at 56, higher than 55.1 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 October 22, 2020

### United States

		Analysts	Previous	Actual
19-Oct-20 NAHB Housing Market Index	Oct	83	83	85
20-Oct-20 Housing Starts*	Sep	1455K	1416K	1415K
21-Oct-20 MBA Mortgage Applications*	Weekly		-0.70%	-0.60%
22-Oct-20 Existing Home Sales*	Sep	6.3M	6M	-
22-Oct-20 Initial Jobless Claims*	Weekly	865K	898K	-
22-Oct-20 Continuing Claims	Weekly	9850K	10018K	-
22-Oct-20 Leading Indicators*	Sep	0.70%	1.20%	-

### Regional

19-Oct-20 China Real GDP YoY*	Qtrly	5.50%	3.20%	4.90%
19-Oct-20 China Industrial Production (YoY)*	Sep	5.80%	5.60%	6.90%
19-Oct-20 China Retail Sales (YoY)*	Sep	1.60%	0.50%	3.30%
19-Oct-20 China Fixed Assets Inv Urban YTD %	Sep	0.90%	-0.30%	0.80%
20-Oct-20 Hong Kong Unemployment Rate SA	Sep	6.20%	6.10%	6.40%
21-Oct-20 New Zealand Credit Card Spending	Sep		-11.90%	-9.90%
22-Oct-20 Hong Kong CPI Composite Index (YoY)	Sep	-0.30%	-0.40%	-
23-Oct-20 New Zealand Consumer Prices (YoY)	Qtrly	1.70%	1.50%	-

### G7 Countries

19-Oct-20 Japan Merchants Trade Balance Total	Oct	980.7B	674.978B	674.978B
19-Oct-20 UK Rightmove House Prices (MoM)	Nov		1.10%	1.10%
21-Oct-20 Canada Consumer Price Index YoY*	Sep	0.50%	0.10%	0.50%
21-Oct-20 Canada Retail Sales MoM	Aug	1.10%	0.60%	0.40%
21-Oct-20 Canada Bank of Canada CPU Core YoY	Sep		0.80%	0.80%
21-Oct-20 UK CPI (YoY)*	Sep	0.60%	0.20%	0.50%
21-Oct-20 UK CPI (MoM)*	Sep	0.50%	-0.40%	0.40%
21-Oct-20 UK PPI output n.s.a. (MoM)*	Sep	0%	0%	-0.10%
21-Oct-20 UK RPI (MoM)*	Sep	0.30%	-0.30%	0.30%
21-Oct-20 UK PPI output n.s.a. (YoY)	Sep	-0.90%	-0.90%	-0.90%
21-Oct-20 UK RPI (YoY)	Sep	1.15%	0.50%	1.10%
21-Oct-20 UK Core CPI YoY	Sep	1.30%	0.90%	1.30%
21-Oct-20 UK Retail Price Index	Sep	294.4	293.3	294.3
22-Oct-20 France Business Confidence Index	Oct	96	95.6	-
23-Oct-20 France PMI Manufacturing*	Oct	51	51.2	-
23-Oct-20 France PMI Services	Oct	47	47.5	-
23-Oct-20 Germany PMI Manufacturing	Oct	55	56.4	-
23-Oct-20 Germany PMI Services	Oct	49.4	50.6	-
23-Oct-20 Japan National CPI Ex-Fresh Food %	Sep	-0.40%	-0.40%	-
23-Oct-20 Japan Natl CPI YoY	Sep	0%	0.20%	-
23-Oct-20 UK Retail Sales (MoM)*	Sep	0.50%	0.60%	-
23-Oct-20 UK Retail Sales (YoY)*	Sep	5%	4.30%	-
23-Oct-20 UK PMI Manufacturing	Oct	53	54.1	-
23-Oct-20 UK PMI Services	Oct	53.4	56.1	-



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## Central Bank Rate

	Current	Prior	Date		Current	Prior	Date
FED Fund	0.25	0.25	6-Nov-20	Canada (BOC)	0.25	0.25	28-Oct-20
Europe (ECB)	0.00	0.00	29-Oct-20	Japan (BOJ)	-0.10	-0.10	29-Oct-20
UK (BOE)	0.10	0.10	5-Nov-20	Malaysia	1.75	1.75	0-Jan-00
Australia (RBA)	0.25	0.25	3-Nov-20	Taiwan	1.13	1.13	0-Jan-00
New Zealand (RBNZ)	0.25	0.25	11-Nov-20	Indonesia	4.00	4.00	0-Jan-00

**Please take note that the primary sources of all the charts are from Reuters dated 22 Oct 2020 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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