

# Daily FX Focus

23/10/2020

## 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.

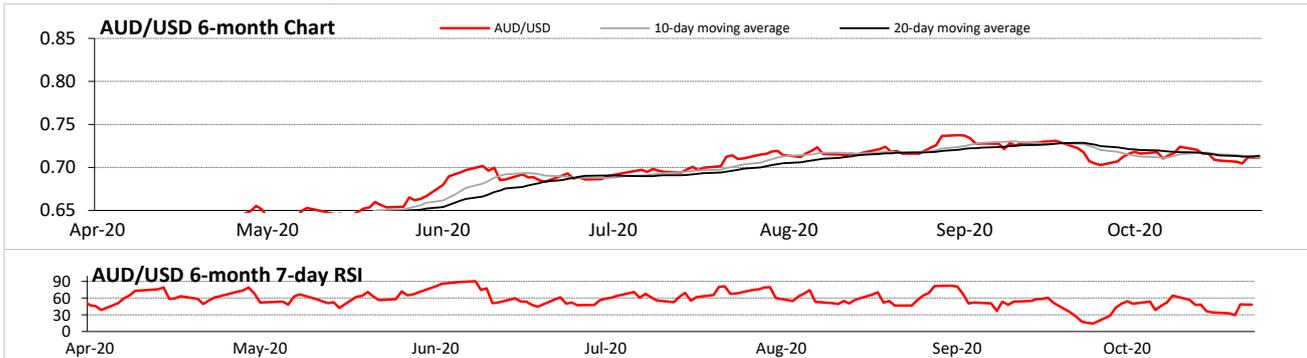
Currency	Current Trend	Support / Resistance	Market commentary
AUD	↘	vs USD 0.7008 / 0.7233	U.S. latest initial jobless claims recorded at 787,000, which was significantly lower than the market expected. AUDUSD rose 0.3% and broke above the 0.71 handle overnight; while AUDHKD broke above the 5.5 level.
EUR	→	vs USD 1.1708 / 1.1902	Eurozone October consumer confidence recorded at -15.5, which was slightly worse than the market expected. EURUSD fell 0.1% overnight; while EURHKD continued to trade above the 9.1 level.
GBP	↗	vs USD 1.2890 / 1.3224	Investors have been paying close attention on the latest development of the trade negotiation between the U.K. and the EU. GBPUSD dropped below the 1.31 handle during daytime and fell 0.5% yesterday; while GBPHKD continued to trade above the 10.1 level.
NZD	↗	vs USD 0.6583 / 0.6727	U.S. latest initial jobless claims recorded at 787,000, which was significantly lower than the market expected. NZDUSD rose 0.2% overnight; while NZDHKD continued to trade above the 5.1 level.
CAD	↗	vs USD 1.3027 / 1.3290	The market has been paying close attention to the impact of oil production volume in Libya on the global oil supply. USDCAD fell slightly by 0.1% overnight; while CADHKD continued to trade around the 5.9 level.
JPY	↗	vs USD 104.06 / 105.84	Investors have been closely monitoring whether the two parties in the U.S. could reach a consensus on the new round of economic stimulus package. USDJPY rose slightly by 0.1% overnight; while JPYHKD continued to trade around 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. U.S. latest initial jobless claims recorded at 787,000, which was significantly lower than the market expected. AUDUSD rose 0.3% 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
23-Oct	0.7120	(-) Australia Q2 GDP fell 6.3% YoY, lower than an increase of 1.6% in previous quarter
Daily change:	0.49%	(-) 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*	0.7008	
Resistance*	0.7233	(-) Australia Q2 CPI fell 1.9% YoY, lower than an increase of 0.3% in previous quarter

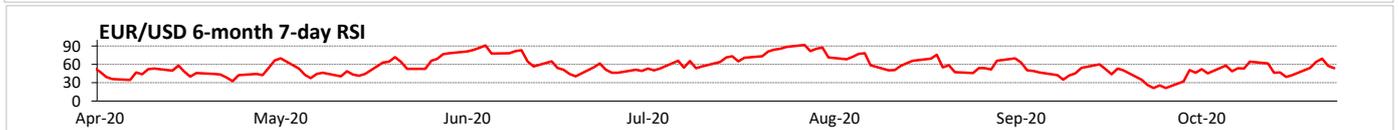
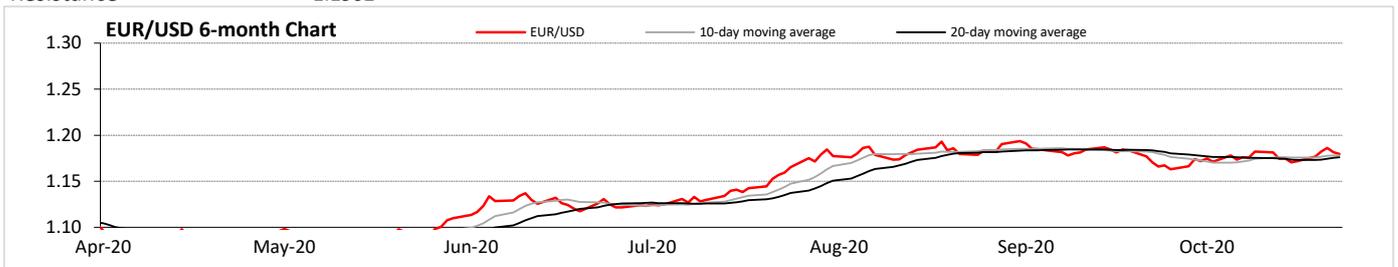


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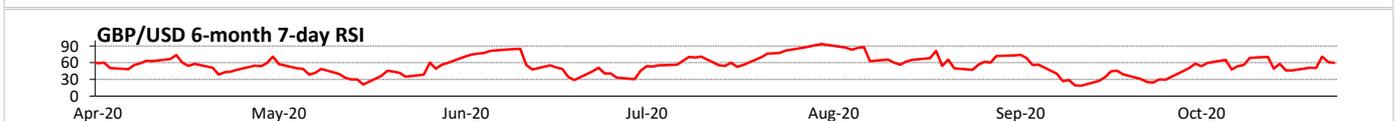
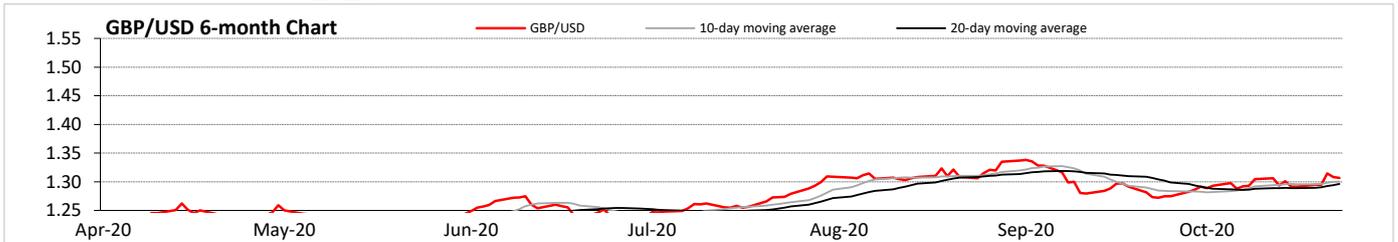
<b>EUR</b>	➔	<p>ECB kept benchmark interest rate unchanged in September. Eurozone October consumer confidence recorded at -15.5, which was slightly worse than the market expected. EURUSD fell 0.1% overnight; while EURHKD continued to trade above the 9.1 level.</p>
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Tehcnical Analysis	vs USD	Market's Focus
23-Oct	1.1820	
Daily change:	0.13%	(-) Eurozone September CPI fell 0.3% YoY, dropped more than a decrease of 0.2% in previous month
High	1.1880	(+) Germany September manufacturing PMI arrived at 56.4, higher than 52.2 in previous month
Low	1.1686	(+) Germany September Business Climate arrived at 93.4, higher than 92.5 in previous month
Support*	1.1708	
Resistance*	1.1902	



<b>GBP</b>	↗	<p>Bank of England kept benchmark interest rate unchanged in September. Investors have been paying close attention on the latest development of the trade negotiation between the U.K. and the EU. GBPUSD dropped below the 1.31 handle during daytime and fell 0.5% yesterday; while GBPHKD continued to trade above the 10.1 level.</p>
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Tehcnical Analysis	vs USD	Market's Focus
23-Oct	1.3080	
Daily change:	-0.03%	(+) UK September CPI rose 0.4% YoY, higher than a decrease of 0.4% in previous month
High	1.3177	(-) UK ILO August's 3Mths unemployment rate was at 4.5%, higher than 4.3% in previous month
Low	1.2843	(+) UK September Nationwide House Prices All Houses rose 5% YoY, higher than an increase of 3.7% in previous month
Support*	1.2890	
Resistance*	1.3224	

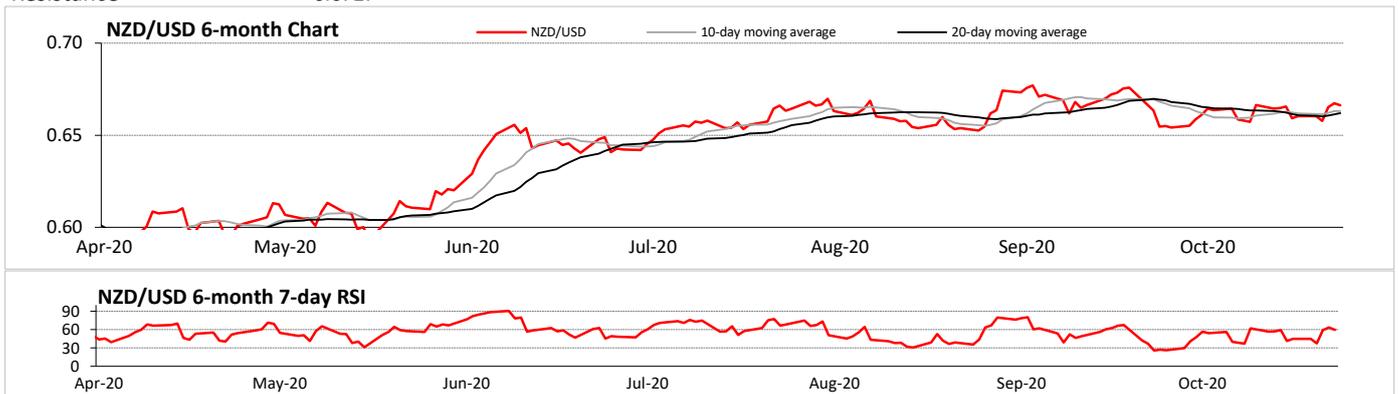


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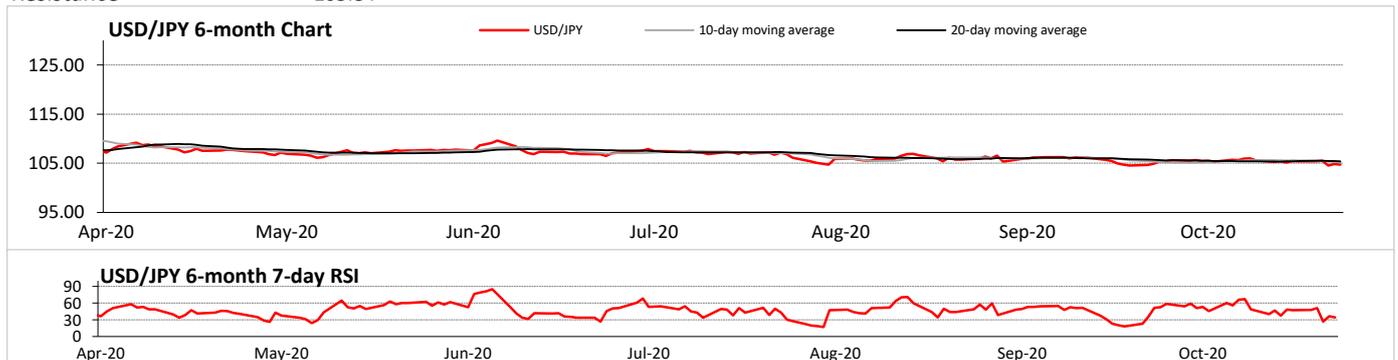
NZD		RBNZ kept benchmark interest rate unchanged in September. U.S. latest initial jobless claims recorded at 787,000, which was significantly lower than the market expected. NZDUSD rose 0.2% overnight; while NZDHKD continued to trade above the 5.1 level.

Technical Analysis		vs USD	Market's Focus
23-Oct		0.6670	(-) New Zealand Q2 GDP fell 12.4% YoY, dropped more than a decrease of 0.1% in previous quarter
Daily change:		0.81%	(-) New Zealand Q3 CPI rose 1.4% YoY, lower than an increase of 1.5% in previous quarter
High		0.6688	(+) New Zealand Q2 unemployment rate arrived at 4%, lower than 4.2% in previous quarter
Low		0.6544	(+) New Zealand September Commodity Price Index arrived at -0.2%, dropped less than -1% in previous
Support*		0.6583	month
Resistance*		0.6727	



JPY		Bank of Japan kept benchmark interest rate unchanged in September. Investors have been closely monitoring whether the two parties in the U.S. could reach a consensus on the new round of economic stimulus package. USDJPY rose slightly by 0.1% overnight; while JPYHKD continued to trade around the 7.4 level.

Technical Analysis		vs USD	Market's Focus
23-Oct		104.82	(-) Japan Q2 GDP fell 9.9% YoY, dropped more than a decrease of 1.8% in previous quarter
Daily change:		0.24%	(-) Japan September CPI nationwide ex fresh food kept flat YoY, lower than an increase of 0.2% in previous month
High		106.10	(+) Japan October manufacturing PMI arrived at 48, higher than 47.7 in previous month
Low		104.32	(~) Japan August Industrial Production rose 1% MoM, same as previous month
Support*		104.06	
Resistance*		105.84	

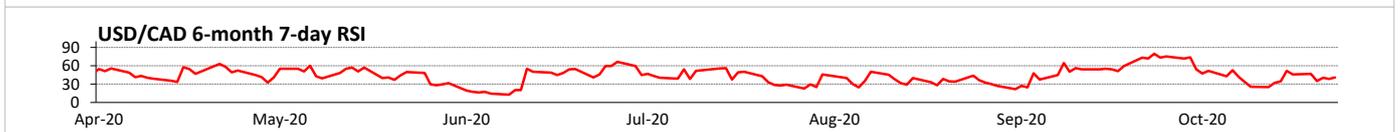
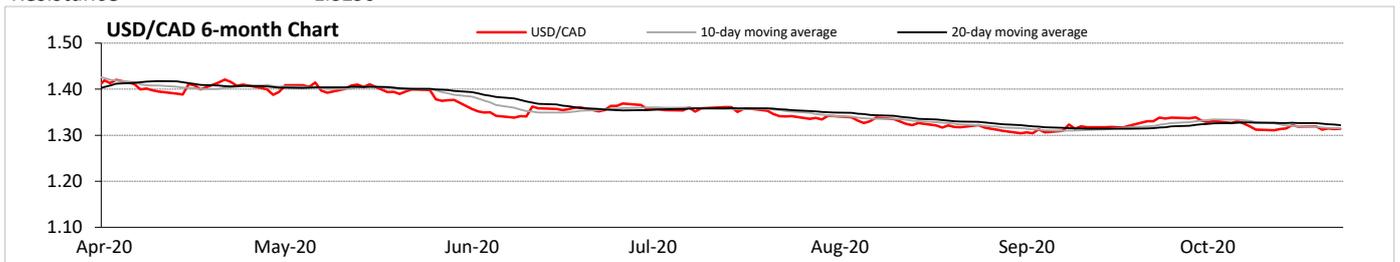


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<b>CAD</b>	↗	<p>Bank of Canada kept benchmark interest rate unchanged in September. The market has been paying close attention to the impact of oil production volume in Libya on the global oil supply. USDCAD fell slightly by 0.1% overnight; while CADHKD continued to trade around the 5.9 level.</p>
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Technical Analysis	vs USD	Market's Focus
23-Oct	1.3130	(+) Canada July GDP fell 5% YoY, dropped less than a decrease of 7.7% in previous month
Daily change:	0.59%	(+) Canada September CPI rose 0.5% YoY, higher than an increase of 0.1% in previous month
High	1.3340	(+) Canada September unemployment rate arrived at 9%, lower than 10.2% in previous month
Low	1.3077	(+) Canada September Manufacturing PMI arrived at 56, higher than 55.1 in previous month
Support*	1.3027	
Resistance*	1.3290	



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## Important Economic Data Release

Source: Bloomberg as of October 23, 2020

		Analysts	Previous	Actual
<b>United States</b>				
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	6.54M
22-Oct-20 Initial Jobless Claims*	Weekly	865K	898K	787K
22-Oct-20 Continuing Claims	Weekly	9850K	10018K	8373K
22-Oct-20 Leading Indicators*	Sep	0.70%	1.20%	0.70%
<b>Regional</b>				
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 Composite Index (YoY)	Sep	-0.30%	-0.40%	-2.20%
23-Oct-20 New Zealand Consumer Prices (YoY)	Qtrly	1.70%	1.50%	-
<b>G7 Countries</b>				
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%	1%
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 Indicator	Oct	96	95.6	93.4
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 23 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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