

## Daily Market Outlook

12 November 2024

### USD Bulls Find Traction

- **USD rates.** There may still be two-way trade in USTs. Markets which have been weighed by fiscal concerns show some sign of stabilization; Gilts traded in ranges on Monday and ended the day a few bps lower, while OAT yields have also been easing from recent highs. On the other hand, performances of various asset classes overnight point to continued momentum in Trump trades. On the data front, next focus is Oct CPI to be released on Wednesday. Consensus looks for headline to tick up to 2.6% from 2.4% primarily due to base effect, while core inflation is expected to be steady. YoY disinflation in core services inflation should have continued, but the fall in core goods prices may have narrowed further, in our view. Overall, the inflation backdrop shall still be conducive to a few more rate cuts down the road. There is no coupon bond auction this week, as opposed to gross supply of USD125bn last week at the time of the US elections. Hence, the short-term environment is also constructive for bonds to consolidate. Back to UK, labour market data is out later today, which may show continued easing in the labour market but that is unlikely to be enough to trigger a rate cut in December. BoE expect inflation to pick up towards year end on base effect and has also estimated the impact of the Autumn Budget on inflation at 0.5 percentage point at the peak.
- **DXY. Bid.** USD extended its move higher, likely in anticipation of US CPI data tomorrow. Consensus expects core to hold steady at 3.3% while headline CPI may come in higher at 2.6%. The uptick may raise doubts if Fed will still cut rates in Dec, adding to USD upward pressure. We do however expect Fed to cut in Dec amid cooling job market. Moreover, post-FOMC last week, Powell commented that the election will have no near-term effect on monetary policy decisions. Elsewhere, tariff risk and Trump policy uncertainty may continue to keep USD supported on dips. DXY was last at 105.60 levels. Daily momentum turned bullish while RSI rose. Near term risks skewed to the upside. Resistance here at 105.70 (76.4% fibo). Break puts next resistance at 106.20, 106.50 levels (2024 high). Support at 104.60 (61.8% fibo), 103.70/80 levels (200 DMAs, 50% fibo retracement of 2023 high to 2024 low).

**Frances Cheung, CFA**  
FX and Rates Strategy  
[FrancesCheung@ocbc.com](mailto:FrancesCheung@ocbc.com)

**Christopher Wong**  
FX and Rates Strategy  
[ChristopherWong@ocbc.com](mailto:ChristopherWong@ocbc.com)

Global Markets Research and Strategy

- **EURUSD. Heavy Bias.** EUR continued to trade lower, in line with our caution that EUR may bear the brunt of the US election outcome. Trump presidency will result in shifts in US foreign, trade policies. The potential 20% tariff (if implemented) can hurt Europe where growth is already slowing, and that US is EU's top export destination. EU-UST yield differentials have already widened and may widen further as markets speculate on a dovish ECB. In Germany, there is risk that the current government may be falling. Chancellor Scholz dismissed Finance Minister and called for confidence vote on 15 Jan 2025. In terms of US foreign policy, military aid to Ukraine may dwindle when Trump takes over. He has on many occasions in the past said his priority is to end the war and stop what he described as a drain on US resources. Europe will have to take responsibility for its security and that would mean increasing defense spending – possibly adding to fiscal burden for some EU nations. Pair was last seen at 1.0645 levels. Daily momentum is bearish while RSI fell. Support at 1.06 levels (2024 low). Breach below this support will open way for further downside towards 1.0450/1.05 levels. Resistance at 1.0740 (76.4% fibo), 1.0810/30 levels (21 DMA, 61.8% fibo retracement of 2024 low to high).
- **USDJPY. Near Term Upside Risk.** Ishiba will remain as PM after receiving support from parliament after 2 rounds of voting in a special parliamentary session yesterday. He will lead the minority government with LDP-Komeito coalition, alongside the support from Democratic Party for the People (DPP) on a confidence and supply agreement (while staying out of the coalition). DPP wants to raise the income ceiling for tax payments and had previously critic the BoJ for raising rates. Markets may also “speculate” that BoJ may not hike this year, further adding to JPY weakness. USDJPY inched higher this morning. Pair drifted higher; last at 153.80 levels. Daily momentum is mild bearish, but RSI rose. Near term risks skewed to the upside. Resistance at 154.80 (recent high) and 156.50 (76.4% fibo). Support at 153.30 (61.8% fibo retracement of Jul high to Sep low), 151.70 levels (21, 200 DMAs), 150.70 (50% fibo).
- **AUDUSD. Near Term Risks to the Downside.** AUD traded with a heavy bias amid disappointment with Chinese stimulus post-NPC while higher UST yields, USD weighed. Near term, policy uncertainties associated with Trump presidency may continue to see swings in AUD but also, lack of impactful Chinese stimulus may well influence AUD volatility more. AUD was last seen at 0.6560 levels. Mild bullish momentum on daily chart is fading while RSI looks to head lower. Risks skewed to the downside for now. Support at 0.6490/0.6510 levels (recent low). Resistance at 0.6630/50 levels (21, 200 DMAs), 0.6690/0.6720 levels (50, 100 DMAs). Data focus this week on wage price index (Wed), labour market report (Thu).

- **USDSGD. Consolidation.** USDSGD resumed its move higher this morning, tracking moves in broad USD. Pair was last at 1.3350 levels. Daily momentum turned mild bullish while RSI rose. Consolidation likely with slight risk to the upside. Resistance here at 1.3350 levels (200 DMA). Support at 1.3290 (61.8% fibo retracement of Jun high to Oct low), 1.3190 (50% fibo), 1.31 (38.2% fibo). S\$NEER was last at 1.42% above model-implied mid.
- **IndoGBs** were broadly supported on Monday. Today's conventional bond auction has the usual indicative target of IDR22trn. Our view remains that there will be a small upsize if the bond market environment is constructive which appears to be the case currently. The bond sales comprise the reopening of FR104 (2030 bond), FR103 (2035 bond), FR098 (2038 bond), FR097 (2043 bond), FR102 (2054 bond), FR105 (2064 bond), and bills. In the five days to 6 November, IndoGBs saw outflows of IDR3.34trn; banks reduced holdings while non-bank domestic investors increased holdings. The flow picture might have changed since then following the Fed funds rate cut.

## Macro Research

**Selena Ling**  
Head of Research & Strategy  
[lingssselena@ocbc.com](mailto:lingssselena@ocbc.com)

**Tommy Xie Dongming**  
Head of Asia Macro Research  
[xied@ocbc.com](mailto:xied@ocbc.com)

**Keung Ching (Cindy)**  
Hong Kong & Macau Economist  
[cindyckeung@ocbc.com](mailto:cindyckeung@ocbc.com)

**Herbert Wong**  
Hong Kong & Taiwan Economist  
[herberhtwong@ocbc.com](mailto:herberhtwong@ocbc.com)

**Lavanya Venkateswaran**  
Senior ASEAN Economist  
[lavanyavenkateswaran@ocbc.com](mailto:lavanyavenkateswaran@ocbc.com)

**Ahmad A Enver**  
ASEAN Economist  
[ahmad.enver@ocbc.com](mailto:ahmad.enver@ocbc.com)

**Jonathan Ng**  
ASEAN Economist  
[jonathannq4@ocbc.com](mailto:jonathannq4@ocbc.com)

**Ong Shu Yi**  
ESG Analyst  
[shuyionq1@ocbc.com](mailto:shuyionq1@ocbc.com)

## FX/Rates Strategy

**Frances Cheung, CFA**  
Head of FX & Rates Strategy  
[francescheung@ocbc.com](mailto:francescheung@ocbc.com)

**Christopher Wong**  
FX Strategist  
[christopherwong@ocbc.com](mailto:christopherwong@ocbc.com)

## Credit Research

**Andrew Wong**  
Head of Credit Research  
[wongvkam@ocbc.com](mailto:wongvkam@ocbc.com)

**Ezien Hoo, CFA**  
Credit Research Analyst  
[ezienhoo@ocbc.com](mailto:ezienhoo@ocbc.com)

**Wong Hong Wei, CFA**  
Credit Research Analyst  
[wonghongwei@ocbc.com](mailto:wonghongwei@ocbc.com)

**Chin Meng Tee, CFA**  
Credit Research Analyst  
[mengteechin@ocbc.com](mailto:mengteechin@ocbc.com)

This publication is solely for information purposes and general circulation only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. Oversea-Chinese Banking Corporation Limited ("OCBC Bank"), its related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial services to such issuers. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products. There may be conflicts of interest between OCBC Bank, Bank of Singapore Limited, OCBC Investment Research Private Limited, OCBC Securities Private Limited or other members of the OCBC Group and any of the persons or entities mentioned in this report of which OCBC Bank and its analyst(s) are not aware due to OCBC Bank's Chinese Wall arrangement. This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).

Co.Reg.no.: 193200032W