

Market Talk

- Italian PM Conte reiterated that government will not change budget deficit target but will not exceed 2.4% deficit. Salvini said Italy will continue as planned on budget. EU Commission said Italy's planned fiscal expansion is incompatible with a debt cut and is a concern for whole euro zone. E\$ is likely to be weak.
- A GfK survey showed consumer morale slipped to a 3-month low dragged down by worries about the economic outlook in the run-up to Brexit. BoE monetary policy meeting is on Thursday but is unlikely to change this bearish sentiment.
- Aussie CPI missed estimate. A weaker than expected inflation reading coupled with a poorer China PMI led to a decline in AUD/USD.
- BOJ kept rate and monetary policy unchanged at its meeting but trimmed its inflation forecasts as global trade friction clouded economic outlook. BOJ also issued a stronger warning on financial vulnerability than it did 3 months ago. Looks like BOJ is in no rush to trim its massive stimulus program.
- China's manufacturing sector in Oct expanded at its weakest in over 2 years, hurt by slowing domestic and external demand. Trade war with US could be taking its effects. AUD/USD and regional currencies slipped as a result against the US\$.

Chart Focus EUR/AUD

Key Points

1. Sell EUR/AUD recommendation
2. Sell EUR/AUD at 1.5995. Stop at 1.6035 and Target at 1.5900
3. Italian budget deficit confrontation is likely to weigh on the Euro currency
4. Price failure at an important resistance and bearish MACD and Stochastic momentum are hinting of a price move lower

Fundamental Comments

1. Italian budget deficit confrontation between Italy and EU Commission is going to weigh on the EUR/USD
2. Interest rate differential is in favour of Aussie and favours holding Aussie over Euro

Technical Comments

1. Price failure at Fibonacci 38% as well as previous Double Bottom's support is a hint of a bearish trend
2. MACD is bearish and turning lower. Stochastic has reached the top band and is turning down.

Key Levels

Support	1.5980	1.5945	1.5890
Resistance	1.6005	1.6035	1.6070



Technical Overview

USD/JPY - Price reached a low of 112.65 and has since moved up higher to 113.30 as BOJ kept its monetary policy unchanged. We see price going higher to 113.50. Stochastic and MACD are both near to the high side and it would be hard for US\$/JPY to push much higher than 113.60.

Support	113.00	112.60	112.15
Resistance	113.50	113.90	114.20

EUR/USD - Price is currently sitting on the previous low support of 1.1335. There is divergence from MACD and Stochastic is in the oversold zone. Both momentum oscillators are hinting that the downside is limited for the moment. Topside the resistance lies at 20EMA point of 1.1360. Wait for price rally to get into a short position.

Support	1.1335	1.1295	1.1250
Resistance	1.1360	1.1420	1.1475

GBP/USD - Price broke the Inside Day's pattern low and retreated to 1.2690. Trend is still bearish at the moment. An important resistance comes in at 1.2727 and this could cap Sterling and push it back to test the low of 1.2659, which is the low on 15th Aug. MACD is bearish but Stochastic is not.

Support	1.2690	1.2659	1.2625
Resistance	1.2730	1.2775	1.2815

XAU/USD - Gold tested the base of the rectangle at 1215.65 in the early afternoon today. Watch this support as a break could lead price back to 1198 level in the coming days. At the moment, MACD is bearish but Stochastic is into oversold zone. 20EMA resistance comes in at 1225.35. This could be a good opportunity to get into a short position.

Support	1215.65	1210.85	1206.60
Resistance	1225.35	1232.10	1236.50

AUD/USD - Our position from 29th Oct is still opened. Price reached a high of 0.7121, missing our stop at 0.7130. Keep our stop at 0.7130 and hold for price target of 0.7050. Price has been unable to breach the resistance zone at 0.7130 to 0.7160 for the past 10 days. We feel the trend is still bearish.

Support	0.7070	0.7050	0.7000
Resistance	0.7105	0.7140	0.7160

Receive commentaries and timely alerts on your mobile! Simply add UTRADE FX into your mobile contacts list and WhatsApp text 8636 1600 with your name to enjoy this exclusive service!

If you want to know more about LFX trading, please contact Alternative Products Team at [+65 6590 6735](tel:+6565906735).

Disclaimers

This information is prepared by personnel in UOB Kay Hian's Alternative Products Team and is not the product of UOB Kay Hian's Research Department. It is not a research report and is not intended as such, although a UOB Kay Hian Research report may be referenced as a link or as an attachment hereto.

Opinions expressed herein may differ from the opinions expressed by other areas of UOB Kay Hian, including research. This commentary is provided for information only. Neither the information nor any views expressed constitutes a solicitation for the purchase or sale of any securities or other financial instruments. It is not a personal recommendation, offer or solicitation to buy or sell.