

Weekly Market Brief

Corporate FX & Commodities Sales Desk



Monday, November 09, 2015

Key FX & Commodity Prices

	USD	AED		USD	AED		USD
EUR	1.0767	3.9547	BRL	3.7688	0.9746	Gold	1094.45
GBP	1.5084	5.5404	RUB	64.4755	0.0570	Silver	14.77
JPY	123.45	0.0298	INR	66.38	0.0553	NY Crude	44.44
CHF	1.0030	3.6620	CNY	6.3625	0.5773	Copper	4979.00
AUD	0.7053	2.5906	SGD	1.4247	2.5781	Aluminum	1520.50
NZD	0.6549	2.4054	ZAR	14.2402	0.2579	CRB	391.00
CAD	1.3280	2.7658	EGP	8.0354	0.4571	Platinum	937.15
SEK	8.6979	0.4223	KWD	0.3040	12.0838	Palladium	608.50

Support & Resistance

	EUR	JPY	GBP	CHF	AUD	CAD	NZD	XAU	XAG
Resistance 3	1.1155	125.96	1.5484	1.0291	0.7373	1.3582	0.6804	1145.31	15.58
Resistance 2	1.0968	124.32	1.5292	1.0158	0.7226	1.3421	0.6677	1120.31	15.22
Resistance 1	1.0854	123.72	1.5172	1.0106	0.7134	1.3364	0.6600	1105.05	15.00
Pivot	1.0781	122.68	1.5100	1.0025	0.7079	1.3260	0.6550	1095.31	14.86
Support 1	1.0667	122.08	1.4980	0.9973	0.6987	1.3364	0.6473	1080.05	14.64
Support 2	1.0594	121.04	1.4908	0.9892	0.6932	1.3099	0.6423	1070.31	14.51
Support 3	1.0407	119.40	1.4716	0.9759	0.6785	1.2938	0.6296	1045.31	14.15

Key Equity Indices

	Last	Change	%Change		Last	Change	%Change
Dow Jones (USA)	17910	47	0.26	FTSE 100 (UK)	6376	22	0.35
S&P 500 (USA)	2099	-1	-0.03	DAX (GR)	10964	-24	-0.22
Nasdaq (USA)	5147	19	0.38	CAC 40 (FR)	4965	-20	-0.39
Nikkei 225 (JP)	19643	377	1.96	Euro stxx (EU)	3462	-6	0.02
Shanghai SE (CH)	3647	57	1.58	TADAWUL	6936	13	0.19
Hang Seng (HK)	22727	-141	-0.61	QATAR	11180	-41	-0.37
Sensex (IND)	26034	-231	-0.55	KUWAIT SE	5790	13	0.23
DFM	3358	11	-0.88	EGYPT 30	7264	-83	-1.13
ADX	4196	2	0.32				

Strategy and Commentary

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EURUSD

The pair is extending its damage control mode and now trading at around 1.0770 levels. On Friday, the pair went down to 1.0708, the lowest levels since April, after the USD went berserk on the back of a impressive US NFP data which almost sealed in a Dec FED rate hike deal. The NFP for October saw a 271,000 increase, sharply higher than the downwardly revised 137,000 in Sept and beating estimates of an 185,000 print. Traders and analyst also believe that this move was also fueled after the FED watch tool by CME showed the odds for a rate hike in December jumped above 70% after the US jobs report against 58% seen pre NFP release. Major banks are started to reassess the medium term target for the currency pair which for some time they have maintained at 1.05. most of the analysts believe that the move in pair over the next few months will not be linear and that the parity could still be further away than it appears now. In terms of technical levels, immediate support levels are 1.0708 and then 1.0685/90. On the flip side immediate resistance is at 1.0790/95 and then 1.0830.

USDJPY

At last JPY showed signs that it might break its long standing trading range as it fell to multi month lows versus the USD. Scheduled speeches from FED officials in the days ahead will take on special significance, and traders should keep a close eye on US yield and the yield linked USDJPY. The USD impressive surge leaves short term momentum to the topside not only against the JPY but across the board. Recent data shows that large traders have aggressively bought into the recent USD surge against the EUR and the JPY in particular. However, the danger of a pronounced reversal grows as the USD hits further peaks. future markets show the implied probability of a December rate hike at an impressive 70%, but it's easy to remember how quickly market expectations can change given the 40 days until the much anticipated decision. In terms of technical levels, immediate support is at 123.05/00 and then 122.75/70 while immediate resistance is at 123.50/55 and then 123.75/80.

Metals

Spot gold moved sharply lower last week reaching a 3 month low as sentiment builds that the US may decide to raise their benchmark rate in 2015. This was the third weekly loss for Gold which broke below the USD 1100/oz level on US dollar strength and a wave of data which has shown healthy growth and stability in the US economy. The US Non farm payrolls data for October showed the creation of 268K jobs against 118K previously and an expected reading of 168K jobs. The unemployment rate also fell to 5.0% , very close to what the US Fed would consider to be full employment , from a previous reading of 5.1%. One of the factors which some investors felt was making the US delay its rate hike plans was the economic slowdown in China and the EU , concerns which may be trumped by the considerably strong US data. For now there still appears to be a downward bias for spot Gold with the next support level at USD 1085/oz followed by USD 1078/oz. Resistance is at USD 1,105/oz followed by USD 1,122/oz. LME Copper also moved sharply lower last week as the slowdown in China and speculation that the US Fed will act to raise rates in 2015 putting pressure on forecasted demand. German industrial production data also showed an unexpected decline , impacting the demand outlook for the metal. Output from Germany dropped to 1.1 percent in September from a month earlier. Data also revealed that construction of new homes in China fell by 13.5% year to date compared to the previous year , highlighting the slowdown. These factors have impacted the demand outlook , pushing the 3 month copper contract to break below USD 5000/Ton on Friday. Going into the week the outlook still appears to be bearish with the first support level at USD 4950/Ton followed by USD 4900/Ton. Resistance is at USD 5060/Ton followed by USD 5125/Ton.

Energy

Crude prices had a turbulent week, with prices initially rising, as market participants began talk of a bottom being reached in crude prices, pushing Brent crude above \$50/bbl for the first time in almost a fortnight, but Fridays strong US jobs report closed that rally as the USD jumped up in value against broadly all asset classes including oil. The strong jobs numbers raised the prospect for a December interest rate hike by the Federal Reserve in the US, which is seen as USD positive. In addition reports from China showed that crude imports in October fell the their lowest levels in five months, which also lowered crude prices. NYMEX WTI finished the week at \$44.29/bbl, while ICE Brent ended the week at \$47.42/bbl down over 4 percent for the week.

Cooler weather forecast for the coming two weeks in the US saved natural gas from having a bearish week, with prices rallying at the weekend, in a market where most energy related contracts finished in the red during the week. NYMEX natural gas front end contracts ended the week at \$2.371/MBTU, up about 2 percent for the week.

FX Treasury Team

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