

The views expressed in this publication are made on the basis of a 2-4 week outlook and may differ from our longer term views and forecasts from the Global Research function

fx | 01 December 2014

## USD shows signs of consolidation

- USD gained only marginally against major peers as the EUR registered gains over the week. However, gold and AUD fell sharply following the results of the Swiss referendum.
- The week ahead is fairly busy with respect to data releases and policy statements. The ECB policy meeting along with US non-farm payroll data may have key implications for the EUR/USD pair. The RBA policy meeting and China economic data may have implications for the AUD short term.

### EUR/USD

- We remain neutral on EUR/USD as indicators point to some consolidation at current levels.

### USD/JPY

- We remain neutral on the USD/JPY pair and expect it to consolidate after its recent sharp move upwards.

### AUD/USD

- We turn bearish on the AUD/USD pair after the pair breached key support levels.

### USD/SGD

- We remain neutral on the USD/SGD pair, as it approaches key resistance clusters corresponding with previous highs.

### GBP/USD

- We turn neutral on the GBP/USD pair (from bearish earlier) as positive divergence signals that prices could stop declining in the near term.

### XAU/USD

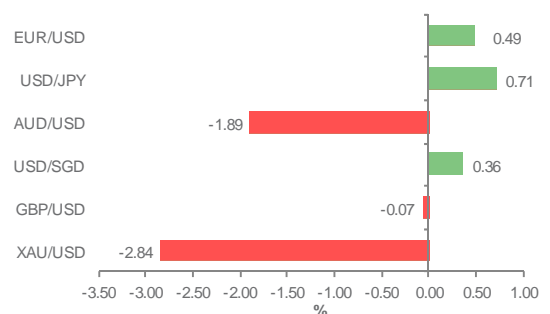
- We turn bearish on the XAU/USD pair (from neutral earlier) after the pair breached key technical levels.

## Contents

<i>USD shows signs of consolidation</i>	1
<i>EUR/USD</i>	2
<i>USD/JPY</i>	3
<i>AUD/USD</i>	4
<i>USD/SGD</i>	5
<i>GBP/USD</i>	6
<i>XAU/USD (gold)</i>	7
<i>SUPPLEMENTARY PAIRS</i>	8
<i>Interest Rate Differentials</i>	10
<i>FX Implied Volatility</i>	10
<i>Disclosure Appendix</i>	12

## Weekly performance of pairs

21 November 2014 to 28 November 2014



Pairs	Outlook (2-4 wk)	Secondary Sup	Primary Sup	Spot	Primary Res	Secondary Res
EUR/USD	Neutral	1.190	1.220	1.245	1.260	1.280
USD/JPY	Neutral	110.00	114.00	118.87	120.00	123.50
AUD/USD	Bearish	0.810	0.830	0.845	0.860	0.894
USD/SGD	Neutral	1.268	1.280	1.308	1.310	1.335
GBP/USD	Neutral	1.550	1.560	1.562	1.590	1.620
XAU/USD	Bearish	1080	1130	1152	1250	1300
USD/CNH*	Neutral	6.100	6.130	6.158	6.165	6.180
USD/ZAR*	Neutral	10.495	10.800	11.115	11.300	11.600
NZD/USD*	Neutral	0.740	0.765	0.789	0.796	0.810
USD/CHF*	Bullish	0.922	0.935	0.966	0.970	0.985
USD/SEK*	Bullish	7.000	7.200	0.745	7.500	7.700
USD/CAD*	Bullish	1.080	1.100	1.142	1.160	1.180

\*SUPPLEMENTARY PAIRS - Going forward, we will maintain the EUR, JPY, AUD, SGD, GBP and XAU outlook while adding just key technical levels for the supplementary pairs

## EUR/USD

We remain neutral on EUR/USD as indicators point to some consolidation at current levels.

### Performance

- EUR/USD ended up (0.49%) over the previous week. Consumer inflation shrank this month, but economic sentiment improved slightly. The unemployment rate remained unchanged from last month. German retail sales rose and beat expectations after declining last month.
- In the US, Q3 GDP grew at 3.9%, higher than the earlier estimate of 3.5%. Consumer confidence unexpectedly declined in November from its October high. New home sales rose to a five-month high.

### Technical Analysis

- Major technical indicators, on balance, are neutral
- We remain neutral on the EUR/USD pair. Last week, the pair attempted to edge higher after falling to fresh lows, although the broader price action continued to signal weakness. However, some short-term technical indicators have turned neutral (from bearish), signalling a phase of consolidation is likely. We await fresh signs to signal the start of a next leg in the downtrend.
- We would review our outlook if the pair closes above 1.260 or below 1.22.

### Key Signposts

- Euro area – Manufacturing PMI (1 December), PPI (2 December), composite PMI, retail sales, GDP (3 December), retail PMI, ECB policy meeting (4 December) and German factory orders (5 December).
- US – ISM manufacturing (1 December), MBA mortgage applications, ADP employment change (3 December), Fed Beige Book (4 December), change in non-farm payrolls, unemployment rate, trade balance and factory orders (5 December).

### Key technical indicators and forecast\*

Technical Indicator	Action
RSI (14)	Neutral
Oscillator (5,10)	Neutral
MACD (12,26,9)	Sell
ADX (14)	Sell
Momentum (14)	Neutral

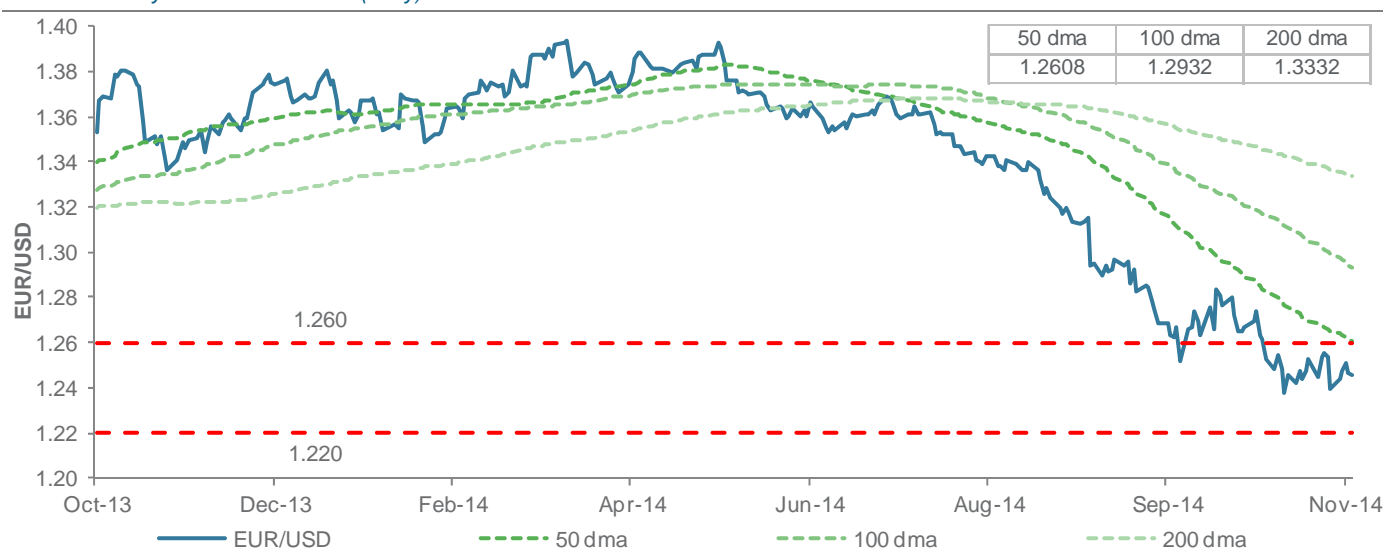
Key Levels	Level	Importance
Secondary Resistance	1.280	High
Primary Resistance	1.260	High
Spot	1.245	–
Primary Support	1.220	Medium
Secondary Support	1.190	High

Forecast	Consensus
Q4 2014	1.24
Q1 2015	1.23
Q2 2015	1.21
Q3 2015	1.20

\* Please see Appendix on Pg 11 for explanation on technical  
Source: Bloomberg, Standard Chartered

### EUR/USD shows signs of consolidation

Technical Analysis Chart: EUR/USD (Daily)



Source: Bloomberg, Standard Chartered

## USD/JPY

We remain neutral on the USD/JPY pair and expect it to consolidate after its recent sharp move upwards.

### Performance

- USD/JPY ended up (0.71%) over the previous week. November's inflation fell to below expectations. Retails sales and household spending figures fell to fresh lows, much below expectations for the month.

### Technical Analysis

- Major technical indicators, on balance, are bearish to neutral.
- We remain neutral on the USD/JPY pair. Although the pair managed to add further gains over the previous week, we see scope for consolidation given its earlier sharp rise and stretched technical indicators. The negative divergence on momentum indicators highlights the risk of a pullback in the near future, although we expect further upside over the medium term.
- We would review our outlook if the pair decisively closes above 120 or below 114.

### Key Signposts

- Capital spending, manufacturing PMI (1 December), monetary base (end of period) (2 December), composite PMI and services PMI (3 December) are the key economic events for the week.

### Key technical indicators and forecast\*

Technical Indicator	Action
RSI (14)	Sell
Oscillator (5,10)	Sell
MACD (12,26,9)	Neutral
ADX (14)	Buy
Momentum (14)	Neutral

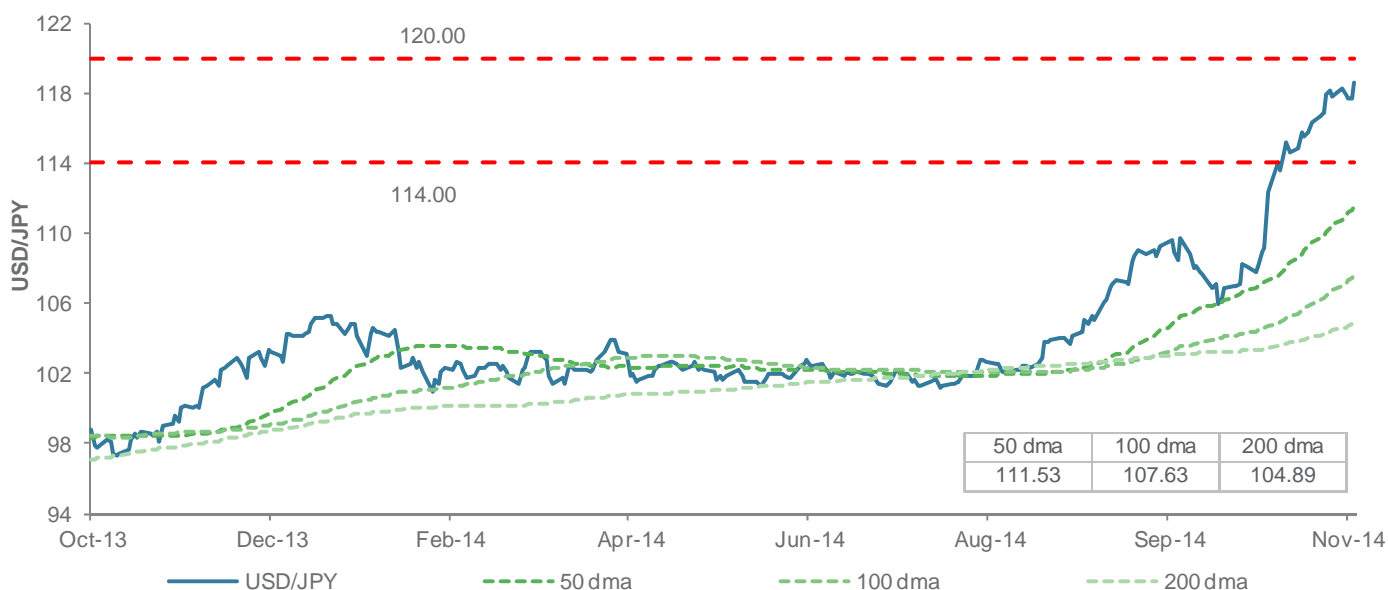
Key Levels	Level	Importance
Secondary Resistance	123.50	High
Primary Resistance	120.00	Medium
Spot	118.87	–
Primary Support	114.00	Medium
Secondary Support	110.00	High

Forecast	Consensus
Q4 2014	121.5
Q1 2015	117.0
Q2 2015	119.0
Q3 2015	120.0

\* Please see Appendix on Pg 11 for explanation on technical  
Source: Bloomberg, Standard Chartered

### USD/JPY extends gains amidst firm momentum

Technical Analysis Chart: USD/JPY (Daily)



Source: Bloomberg, Standard Chartered

## AUD/USD

We turn bearish on the AUD/USD pair after the pair breached key support levels.

### Performance

- AUD/USD ended down (-1.89%) over the previous week. Private sector credit improved in October versus the previous month. New home sales also surprisingly grew in October.

### Technical Analysis

- Major technical indicators, on balance, are divergent.
- However, we turn bearish on the AUD/USD pair (from neutral earlier). The pair fell well through the interim support of 0.85 which opens up possibilities of further downside in the near term towards pivotal support of 0.830/0.810. Many technical indicators have once again turned to sell mode which supports our view of a further correction from current levels.
- We would review our outlook if the pair moves above 0.860.

### Key Signposts

- Australia – Commodity index (1 December), RBA cash rate (2 December), GDP (3 December), retail sales and trade balance (4 December).
- China – Manufacturing PMI, HSBC manufacturing PMI (1 December), non-manufacturing PMI and HSBC composite PMI (3 December) are the main economic releases for the week.

### Key technical indicators and forecast\*

Technical Indicator	Action
RSI (14)	Buy
Oscillator (5,10)	Neutral
MACD (12,26,9)	Sell
ADX (14)	Neutral
Momentum (14)	sell

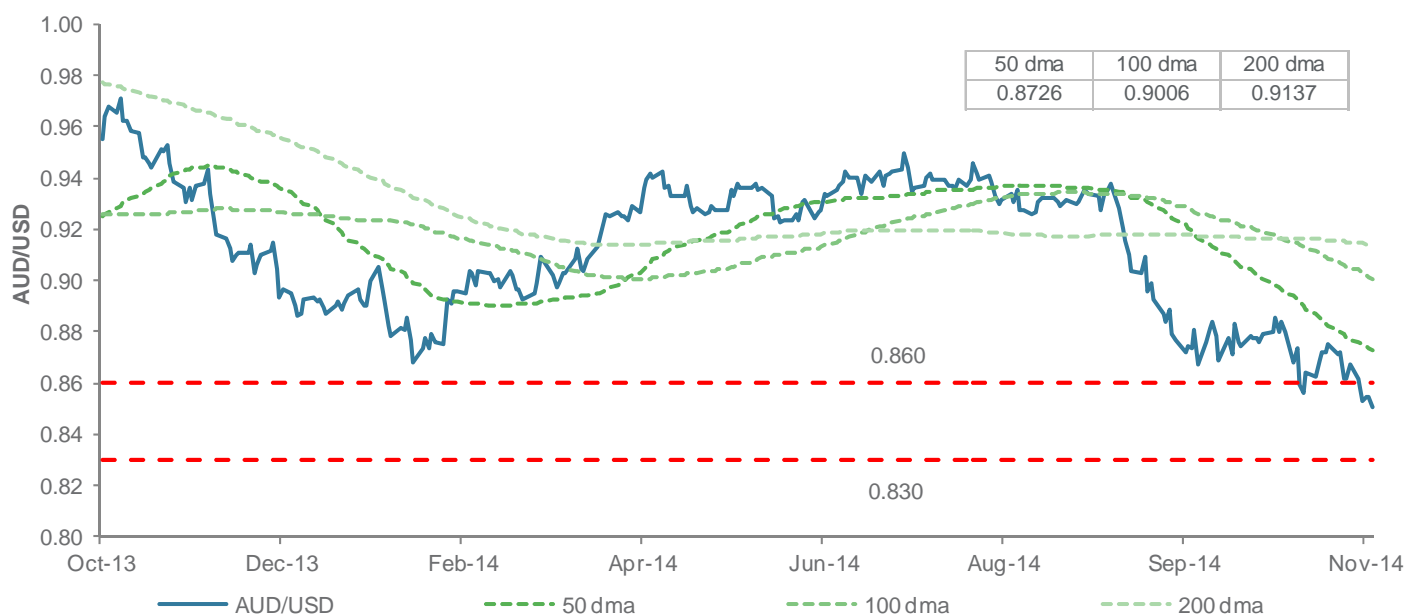
Key Levels	Level	Importance
Secondary Resistance	0.894	High
Primary Resistance	0.860	Medium
Spot	0.845	–
Primary Support	0.830	High
Secondary Support	0.810	High

Forecast	Consensus
Q4 2014	0.87
Q1 2015	0.85
Q2 2015	0.84
Q3 2015	0.83

\* Please see Appendix on Pg 11 for explanation on technical  
Source: Bloomberg, Standard Chartered

### AUD/USD consolidation may lead to fresh downsides

Technical Analysis Chart: AUD/USD (Daily)



Source: Bloomberg, Standard Chartered

## USD/SGD

We remain neutral on the USD/SGD pair, as it approaches key resistance clusters corresponding with previous highs.

### Performance

- USD/SGD ended up (0.36%) over the previous week. US economic data strengthened during the week, pushing the USD slightly higher.

### Technical Analysis

- Major technical indicators are divergent.
- We remain neutral on the USD/SGD pair. It has approached previous high resistance clusters above 1.310, where it could face some profit-booking. Given the stretched indicator readings, we prefer to wait for a consolidation before re-entering positions at current levels.
- We would review our outlook if the pair falls below 1.280 or moves above 1.310.

### Key Signposts

- Manufacturing PMI (2 December) is the key economic release this week.

### Key technical indicators and forecast\*

Technical Indicator	Action
RSI (14)	Neutral
Oscillator (5,10)	Neutral
MACD (12,26,9)	Sell
ADX (14)	Buy
Momentum (14)	Neutral

Key Levels	Level	Importance
Secondary Resistance	1.335	Medium
Primary Resistance	1.310	High
Spot	1.308	–
Primary Support	1.280	Medium
Secondary Support	1.268	Low

Forecast	Consensus
Q4 2014	1.29
Q1 2015	1.29
Q2 2015	1.30
Q3 2015	1.30

\* Please see Appendix on Pg 11 for explanation on technical  
Source: Bloomberg, Standard Chartered

### The pair is testing previous highs

Technical Analysis Chart: USD/SGD (Daily)



Source: Bloomberg, Standard Chartered

## GBP/USD

We turn neutral on the GBP/USD pair (from bearish earlier) as positive divergence signals that prices could stop declining in the near term.

### Performance

- GBP/USD finished slightly lower (-0.07%) over the previous week. The housing price index declined by more than forecast although preliminary Q3 GDP data was in line with expectations.

### Technical Analysis

- Major technical indicators, on balance, are neutral.
- We turn neutral on the GBP/USD pair (from bearish earlier). The pair seems to be testing a key support of 1.56 for the second time, amid waning downward momentum. As long as the pair remains above this key support, we would expect the pair to consolidate. However, the broader trend continues to remain negative.
- We would review our outlook if it rebounds above 1.590 or falls below 1.560.

### Key Signposts

- Manufacturing PMI (1 December), composite PMI (3 December) and the BoE meeting (4 December) are the key economic data releases this week.

### Key technical indicators and forecast\*

Technical Indicator	Action
RSI (14)	Neutral
Oscillator (5,10)	Neutral
MACD (12,26,9)	Buy
ADX (14)	Neutral
Momentum (14)	Neutral

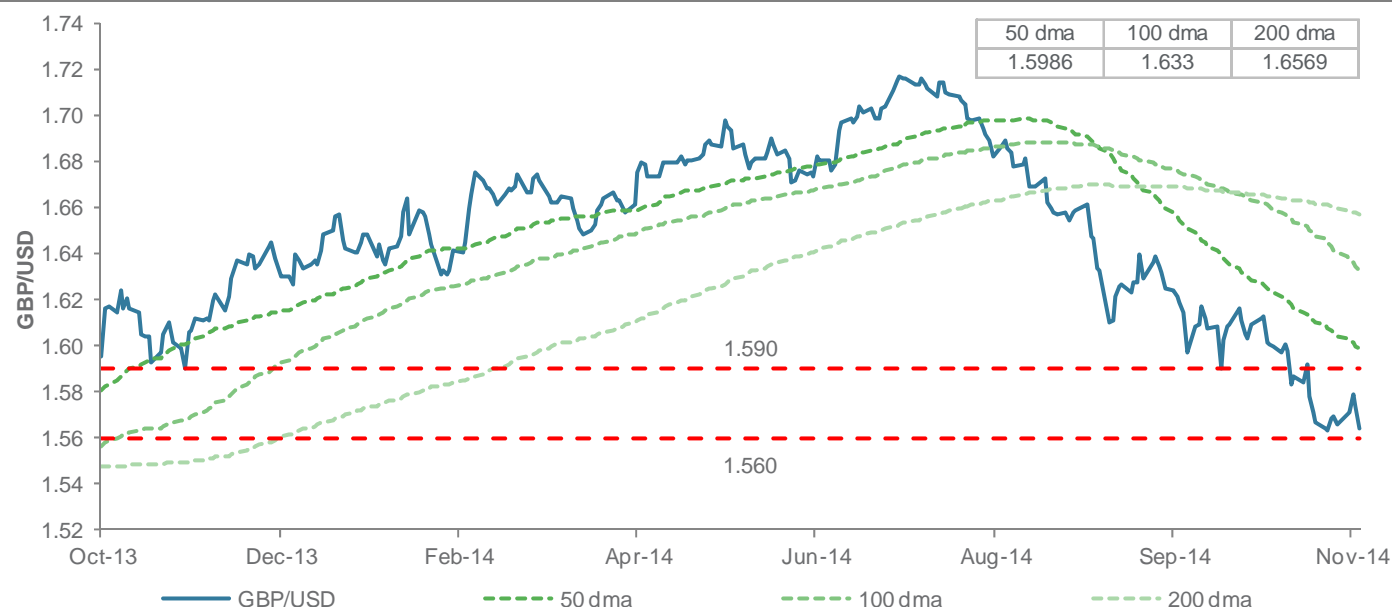
Key Levels	Level	Importance
Secondary Resistance	1.620	Medium
Primary Resistance	1.590	High
Spot	1.562	–
Primary Support	1.560	High
Secondary Support	1.550	High

Forecast	Consensus
Q4 2014	1.59
Q1 2015	1.58
Q2 2015	1.58
Q3 2015	1.57

\* Please see Appendix on Pg 11 for explanation on technical  
Source: Bloomberg, Standard Chartered

### GBP/USD witnessed testing a key support

Technical Analysis Chart: GBP/USD (Daily)



Source: Bloomberg, Standard Chartered

## XAU/USD (gold)

We turn bearish on the XAU/USD pair (from neutral earlier) after the pair breached key technical levels

### Performance

- XAU/USD ended down (-2.84%) over the previous week. Gold prices plunged after OPEC ministers decided not to cut oil production, dampening the commodities sentiment.

### Technical Analysis

- Major technical indicators are, on balance, bearish.
- We turn bearish on the XAU/USD pair (from neutral earlier). Last week's reversal from 1200 levels and subsequent fall below 1180 levels signals the start of a fresh down-leg. The previous lows of 1130 are now likely to be challenged and a decisive fall below it should induce further weakness, in our opinion.
- We would review our outlook if the pair moves above 1,250

### Key Signposts

- This short-term view should be viewed within the context of our longer-term Underweight view on gold. Continued tapering of Fed asset purchases and rising opportunity costs provided by equity market resilience and higher yields are likely to continue working against gold, in our view.
- Global central bank purchases, retail demand and geopolitical tensions pose risks to our view.

### Key technical indicators and forecast\*

Technical Indicator	Action
RSI (14)	Neutral
Oscillator (5,10)	Neutral
MACD (12,26,9)	Sell
ADX (14)	Sell
Momentum (14)	Sell

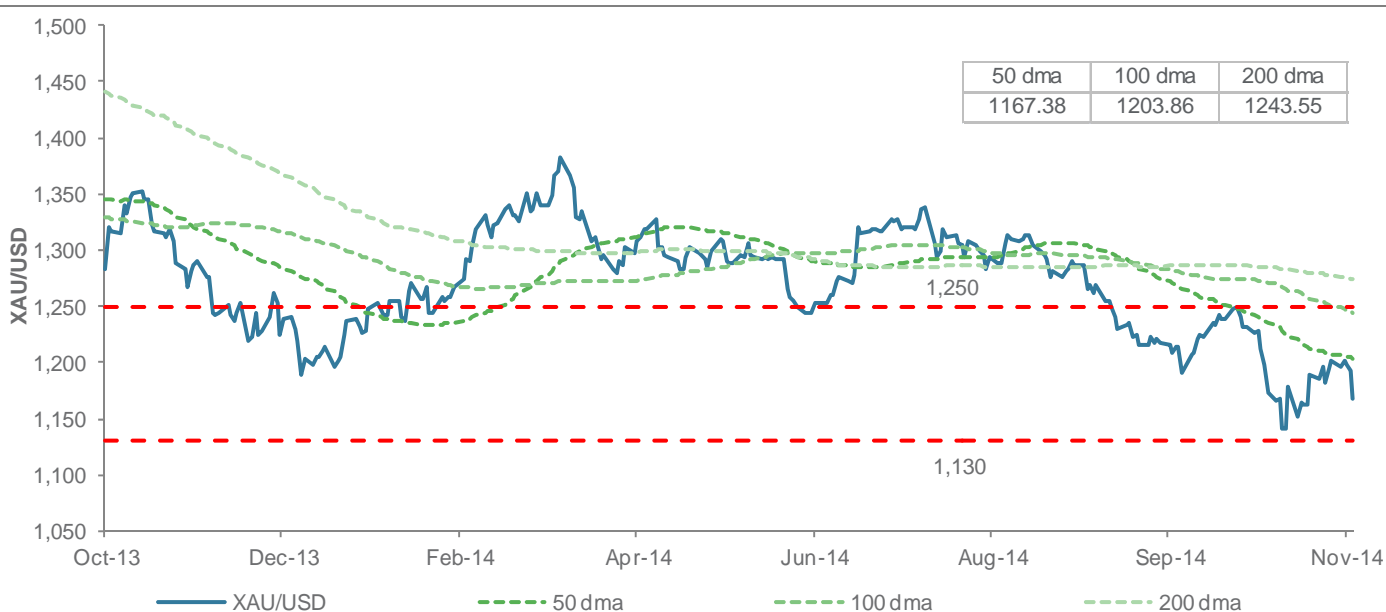
Key Levels	Level	Importance
Secondary Resistance	1,300	High
Primary Resistance	1,250	Medium
Spot	1,152	–
Primary Support	1,130	High
Secondary Support	1,080	Medium

Forecast	Consensus
Q4 2014	1,205.5
Q1 2015	1,195.5
Q2 2015	1,190.0
Q3 2015	1,165.0

\* Please see Appendix on Pg 11 for explanation on technical  
Source: Bloomberg, Standard Chartered

### Gold trades within a broad triangular range

Technical Analysis Chart: XAU/USD (Daily)



Source: Bloomberg, Standard Chartered

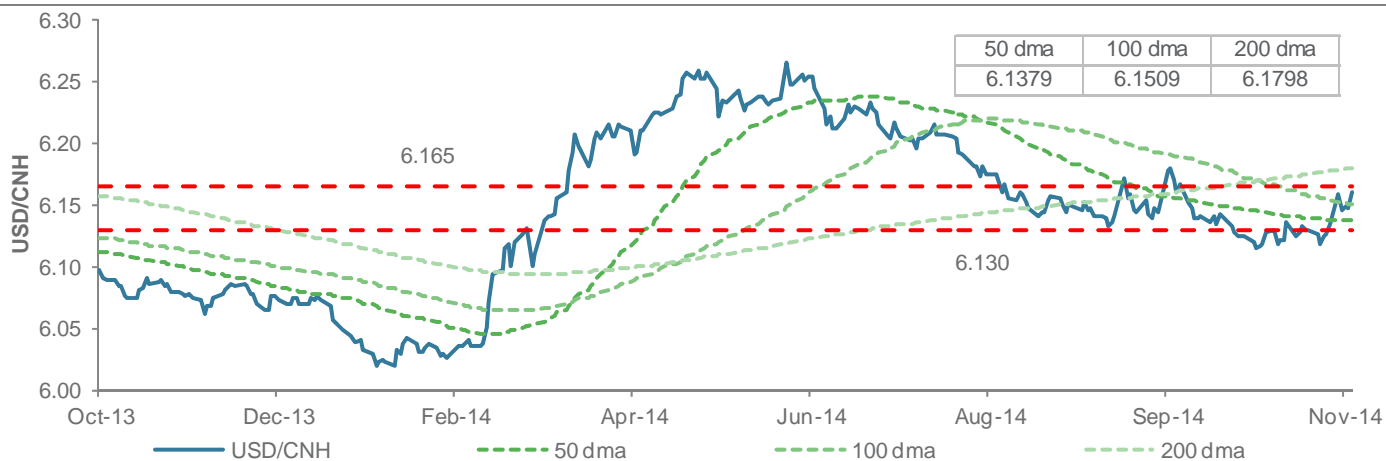


## SUPPLEMENTARY PAIRS

\*SUPPLEMENTARY PAIRS – Going forward, we will maintain the EUR, JPY, AUD, SGD, GBP and XAU outlook while adding just key technical levels for the supplementary pairs

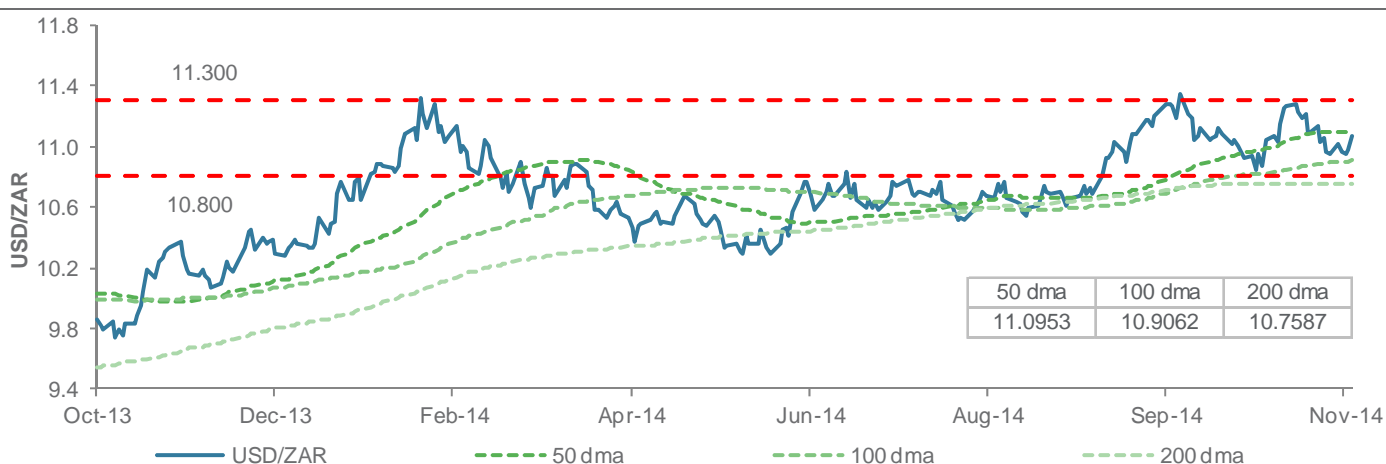
### We remain neutral on USD/CNH

Technical Analysis: USD/CNH



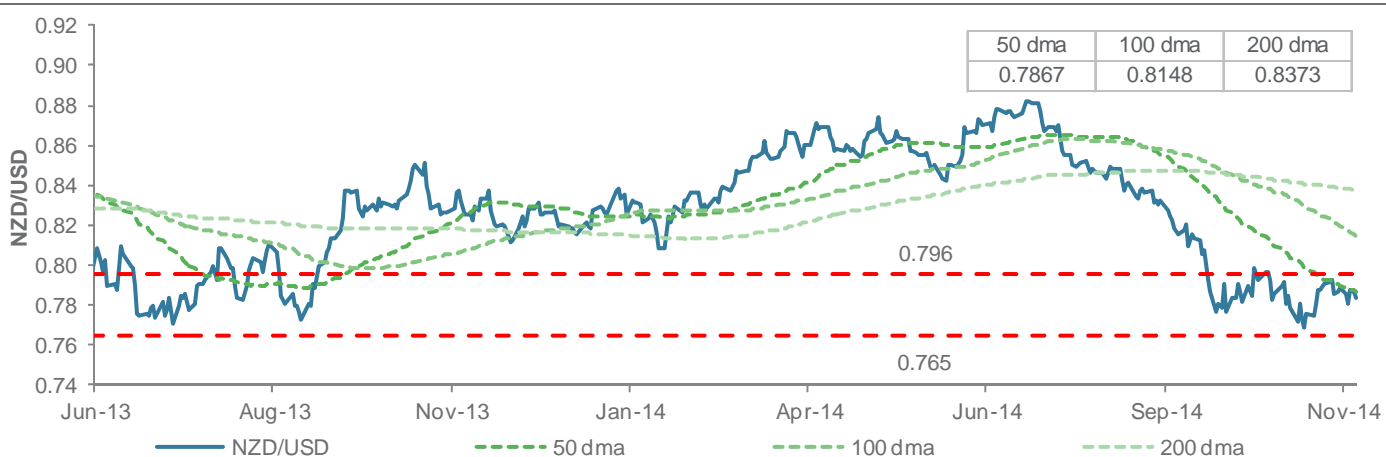
### We remain neutral on USD/ZAR

Technical Analysis: USD/ZAR



### We remain neutral on NZD/USD

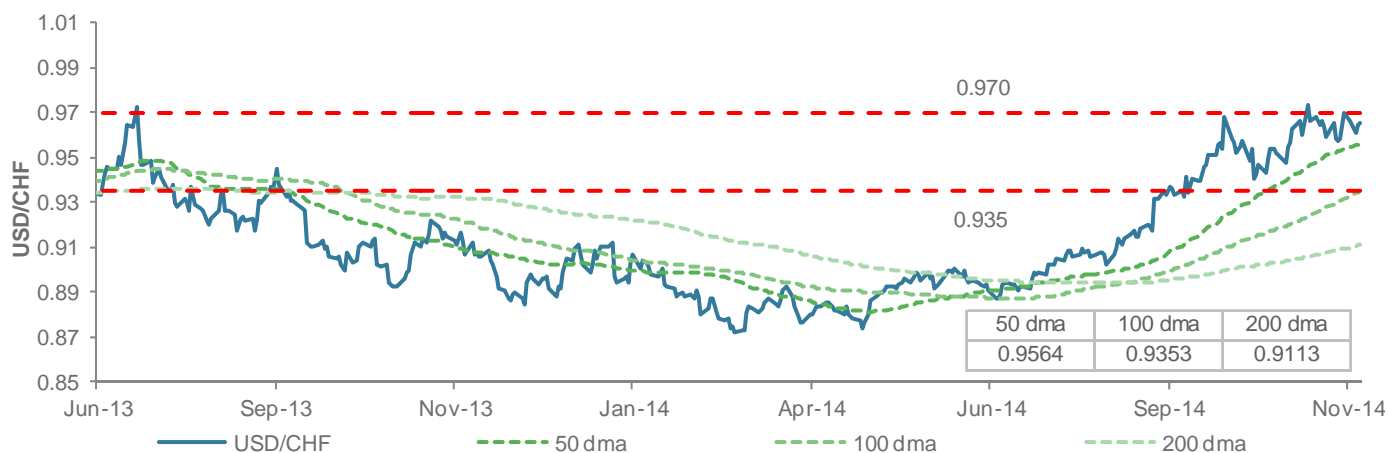
Technical Analysis: NZD/USD





**We turn bullish on the USD/CHF (from neutral earlier)**

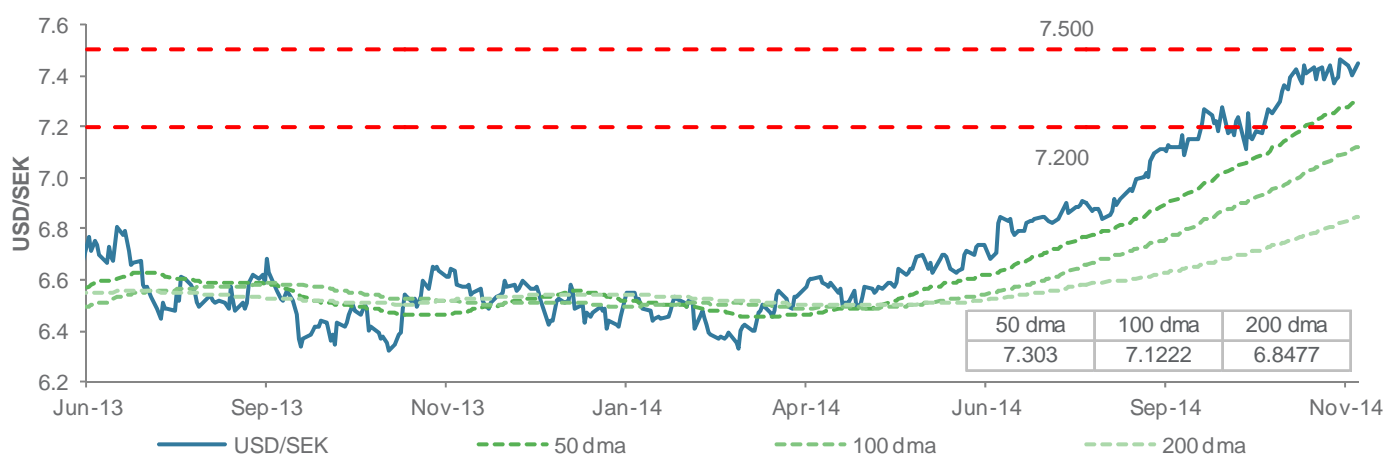
Technical Analysis: USD/CHF



Source: Bloomberg, Standard Chartered

**We turn bullish on USD/SEK (from neutral earlier)**

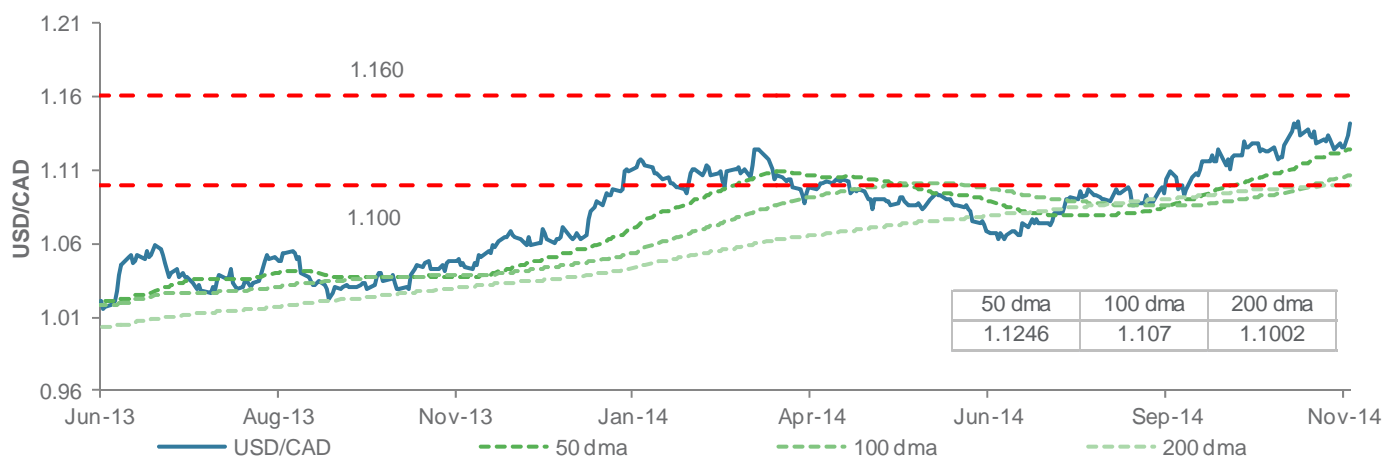
Technical Analysis: USD/SEK



Source: Bloomberg, Standard Chartered

**We remain bullish on USD/CAD**

Technical Analysis: USD/CAD



Source: Bloomberg, Standard Chartered

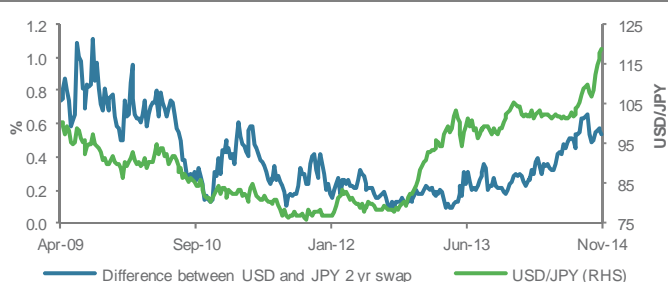
## Interest Rate Differentials

Measures the yield of holding the foreign currency relative to the base currency

### EUR/USD



### USD/JPY



### AUD/USD



### USD/SGD



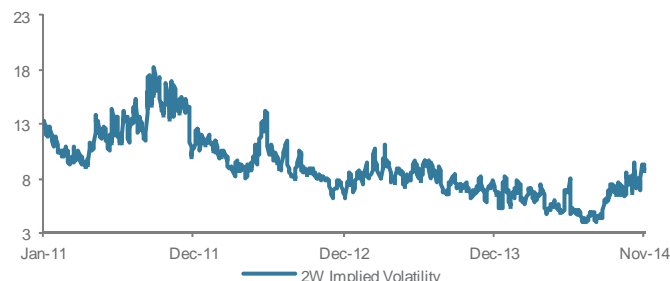
### GBP/USD



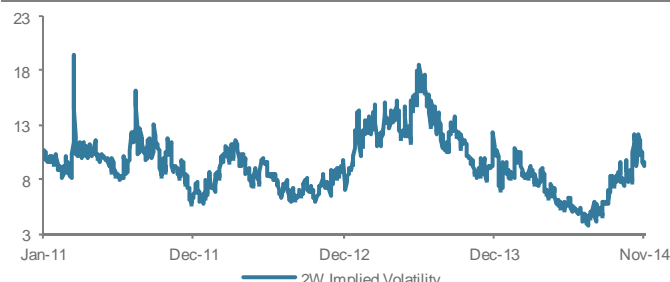
## FX Implied Volatility

An appropriate indicator used to gauge future expectations of price movements based on FX options market pricing

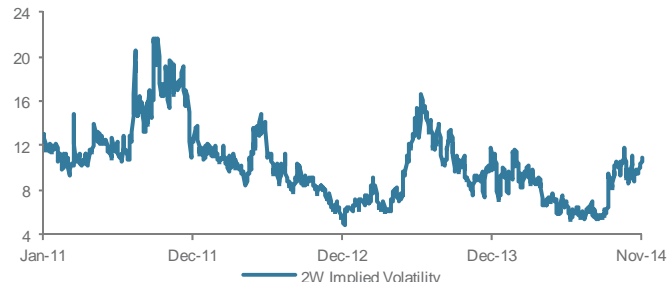
### EUR/USD



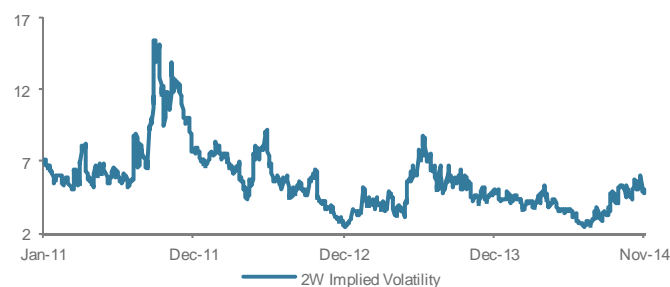
### USD/JPY



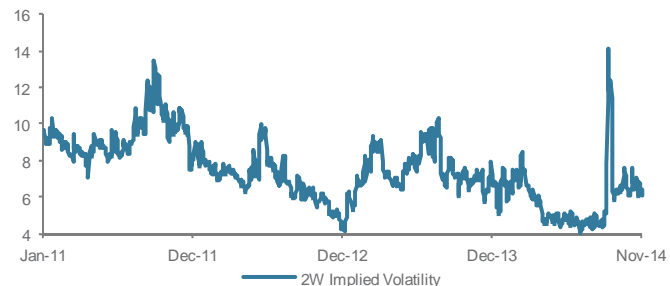
### AUD/USD



### USD/SGD



### GBP/USD



Source: Bloomberg, Standard Chartered

## TECHNICAL INDICATORS – EXPLANATORY APPENDIX

**RSI (Relative Strength Index)** – The RSI indicators can be used to describe the speed at which prices move over a given time period. An RSI above 70 can indicate a currency pair is overbought while an RSI below 30 can indicate the pair is oversold.

**Stochastic Oscillator** – The Stochastic Oscillator compares where a security's price closed relative to its trading range over a given time period. The security or index is generally considered oversold when the Oscillator falls to 20%, while a reading of 80% is considered overbought.

**MACD (The Moving Average Convergence/Divergence)** – This indicator shows the relationship between two moving averages of prices. A bearish signal is provided when the main moving average line drops below the second moving average line, and vice versa.

**ADX (Average Directional Index)** – This indicator quantifies a trend's strength regardless of whether it is up or down. An index rising above zero provides a bullish signal while an index falling below zero provides a bearish signal.

**Momentum Indicator** – The momentum of a security is the ratio of today's price compared to the price at a given point in the past. If the security's price is higher today, the momentum indicator will be considered strong. If the security's price is lower today, the momentum Indicator will be weak.

## Disclosure Appendix

This document is not research material and it has not been prepared in accordance with legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research. This document does not necessarily represent the views of every function within the Standard Chartered Bank, particularly those of the Global Research function.

Standard Chartered Bank is incorporated in England with limited liability by Royal Charter 1853 Reference Number ZC18. The Principal Office of the Company is situated in England at 1 Basinghall Avenue, London, EC2V 5DD. Standard Chartered Bank is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority.

In Dubai International Financial Centre ("DIFC"), the attached material is circulated by Standard Chartered Bank DIFC on behalf of the product and/or Issuer. Standard Chartered Bank DIFC is regulated by the Dubai Financial Services Authority (DFSA) and is authorised to provide financial products and services to persons who meet the qualifying criteria of a Professional Client under the DFSA rules. The protection and compensation rights that may generally be available to retail customers in the DIFC or other jurisdictions will not be afforded to Professional Clients in the DIFC.

Banking activities may be carried out internationally by different Standard Chartered Bank branches, subsidiaries and affiliates (collectively "SCB") according to local regulatory requirements. With respect to any jurisdiction in which there is a SCB entity, this document is distributed in such jurisdiction by, and is attributable to, such local SCB entity. Recipients in any jurisdiction should contact the local SCB entity in relation to any matters arising from, or in connection with, this document. Not all products and services are provided by all SCB entities.

This document is being distributed for general information only and it does not constitute an offer, recommendation, solicitation to enter into any transaction or adopt any hedging, trading or investment strategy, in relation to any securities or other financial instruments. This document is for general evaluation only, it does not take into account the specific investment objectives, financial situation, particular needs of any particular person or class of persons and it has not been prepared for any particular person or class of persons.

Opinions, projections and estimates are solely those of SCB at the date of this document and subject to change without notice. Past performance is not indicative of future results and no representation or warranty is made regarding future performance. Any forecast contained herein as to likely future movements in rates or prices or likely future events or occurrences constitutes an opinion only and is not indicative of actual future movements in rates or prices or actual future events or occurrences (as the case may be).

This document has not and will not be registered as a prospectus in any jurisdiction and it is not authorised by any regulatory authority under any regulations.

SCB makes no representation or warranty of any kind, express, implied or statutory regarding, but not limited to, the accuracy of this document or the completeness of any information contained or referred to in this document. This document is distributed on the express understanding that, whilst the information in it is believed to be reliable, it has not been independently verified by us. SCB accepts no liability and will not be liable for any loss or damage arising directly or indirectly (including special, incidental or consequential loss or damage) from your use of this document, howsoever arising, and including any loss, damage or expense arising from, but not limited to, any defect, error, imperfection, fault, mistake or inaccuracy with this document, its contents or associated services, or due to any unavailability of the document or any part thereof or any contents.

SCB, and/or a connected company, may at any time, to the extent permitted by applicable law and/or regulation, be long or short any securities, currencies or financial instruments referred to on this document or have a material interest in any such securities or related investment, or may be the only market maker in relation to such investments, or provide, or have provided advice, investment banking or other services, to issuers of such investments. Accordingly, SCB, its affiliates and/or subsidiaries may have a conflict of interest that could affect the objectivity of this document.

This document must not be forwarded or otherwise made available to any other person without the express written consent of SCB.

Copyright: Standard Chartered Bank 2014. Copyright in all materials, text, articles and information contained herein is the property of, and may only be reproduced with permission of an authorised signatory of, Standard Chartered Bank. Copyright in materials created by third parties and the rights under copyright of such parties are hereby acknowledged. Copyright in all other materials not belonging to third parties and copyright in these materials as a compilation vests and shall remain at all times copyright of Standard Chartered Bank and should not be reproduced or used except for business purposes on behalf of Standard Chartered Bank or save with the express prior written consent of an authorised signatory of Standard Chartered Bank. All rights reserved. © Standard Chartered Bank 2014.

THIS IS NOT A RESEARCH REPORT AND HAS NOT BEEN PRODUCED BY A RESEARCH UNIT.