

Daily FX Focus

2/2/2021

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.

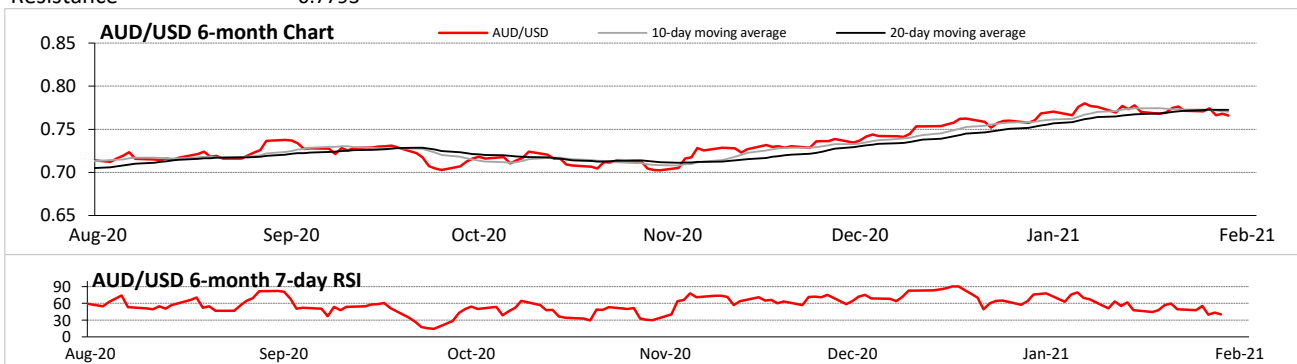
Currency	Current Trend	Support / Resistance	Market commentary
AUD	→	vs USD 0.7578 / 0.7793	Investors have been waiting for the upcoming RBA monetary policy meeting. AUDUSD fell 0.3% overnight; while AUDHKD traded around the 5.9 level.
EUR	↘	vs USD 1.2040 / 1.2213	Germany December retail sales fell 9.6%, which was significantly worse than the market expected. The USD index reached its highest in recent 6 weeks, while EURUSD dropped below the 1.21 level during daytime, and fell for another 0.3% overnight; and EURHKD
GBP	↗	vs USD 1.3525 / 1.3834	U.K. January Markit manufacturing PMI final value recorded at 54.1, which was better than the market expected. However, as the USD rebounded, GBPUSD fell 0.5% and dropped below the 1.37 handle overnight; while GBPHKD dropped below the 10.6 level.
NZD	→	vs USD 0.7094 / 0.7247	U.S. January ISM manufacturing PMI recorded at 58.7, which was lower than the market expected. NZDUSD fell 0.4% overnight; while NZDHKD traded above the 5.5 level.
CAD	↘	vs USD 1.2649 / 1.2944	Canada January Markit manufacturing PMI recorded at 54.4, which was far lower than its previous value. USDCAD rose 0.4% and broke above the 1.28 level overnight; while CADHKD traded above the 6.0 level.
JPY	↘	vs USD 103.49 / 104.74	Japan January manufacturing PMI recorded at 49.8, which was slightly higher than its previous value. USDJPY rose 0.1% overnight; while JPYHKD traded 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 December. Investors have been waiting for the upcoming RBA monetary policy meeting. AUDUSD fell 0.3% overnight; while AUDHKD traded around the 5.9 level.
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Technical Analysis	vs USD	Market's Focus
02-Feb	0.7680	
Daily change:	-0.28%	(+) Australia Q3 GDP fell 3.8% YoY, dropped less than a decrease of 6.4% in previous quarter
High	0.7805	(+) Australia December unemployment rate arrived at 6.6%, lower than 6.8% in previous month
Low	0.7590	(+) Australia January Commodity Price Index arrived at 19.7%, higher than 12.7% in previous month
Support*	0.7578	(-) Australia Q4 CPI rose 0.9% YoY, lower than an increase of 1.6% in previous quarter
Resistance*	0.7793	



Daily FX Focus

2/2/2021

EUR



ECB kept benchmark interest rate unchanged in January. Germany December retail sales fell 9.6%, which was significantly worse than the market expected. The USD index reached its highest in recent 6 weeks, while EURUSD dropped below the 1.21 level during daytime, and fell for another 0.3% overnight; and EURHKD dropped below the 9.4 level during daytime.

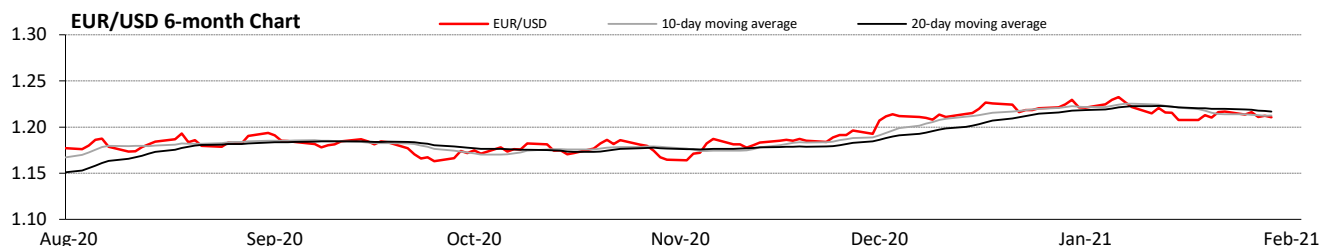
Technical Analysis

	vs USD
02-Feb	1.2120
Daily change:	-0.42%
High	1.2225
Low	1.2052
Support*	1.2040
Resistance*	1.2213

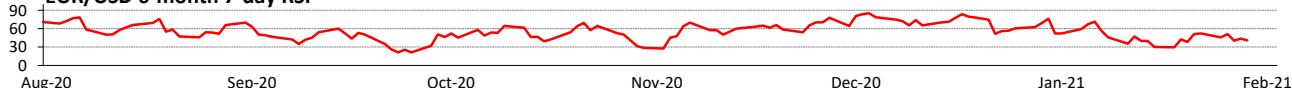
Market's Focus

- (~) Eurozone December CPI fell 0.3% YoY, same as previous month
- (-) Germany January manufacturing PMI arrived at 57.1, lower than 58.3 in previous month
- (-) Germany January Business Climate arrived at 90.1, lower than 92.2 in previous month

EUR/USD 6-month Chart



EUR/USD 6-month 7-day RSI



GBP



Bank of England kept benchmark interest rate unchanged in November. U.K. January Markit manufacturing PMI final value recorded at 54.1, which was better than the market expected. However, as the USD rebounded, GBPUSD fell 0.5% and dropped below the 1.37 handle overnight; while GBPHKD dropped below the 10.6 level.

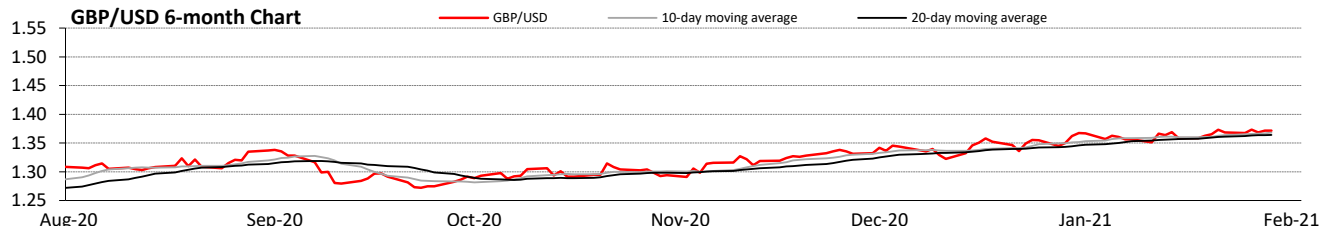
Technical Analysis

	vs USD
02-Feb	1.3720
Daily change:	-0.26%
High	1.3758
Low	1.3449
Support*	1.3525
Resistance*	1.3834

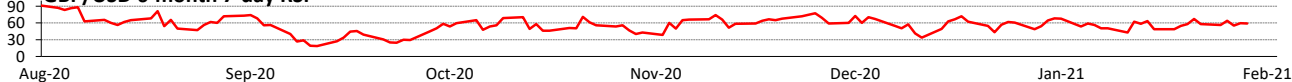
Market's Focus

- (+) UK December CPI rose 0.3% YoY, higher than a decrease of 0.1% in previous month
- (-) UK ILO November's 3Mths unemployment rate was at 5%, higher than 4.9% in previous month
- (+) UK December Nationwide House Prices All Houses rose 7.3% YoY, higher than an increase of 6.5% in previous month

GBP/USD 6-month Chart



GBP/USD 6-month 7-day RSI



Daily FX Focus

2/2/2021

NZD



RBNZ kept benchmark interest rate unchanged in November. U.S. January ISM manufacturing PMI recorded at 58.7, which was lower than the market expected. NZDUSD fell 0.4% overnight; while NZDHKD traded above the 5.5 level.

Technical Analysis

02-Feb

Daily change:

High

Low

Support*

Resistance*

vs USD

0.7170

-0.33% (+) New Zealand Q3 GDP rose 0.4% YoY, higher than a decrease of 11.3% in previous quarter

0.7247 (~) New Zealand Q4 CPI rose 1.4% YoY, same as previous quarter

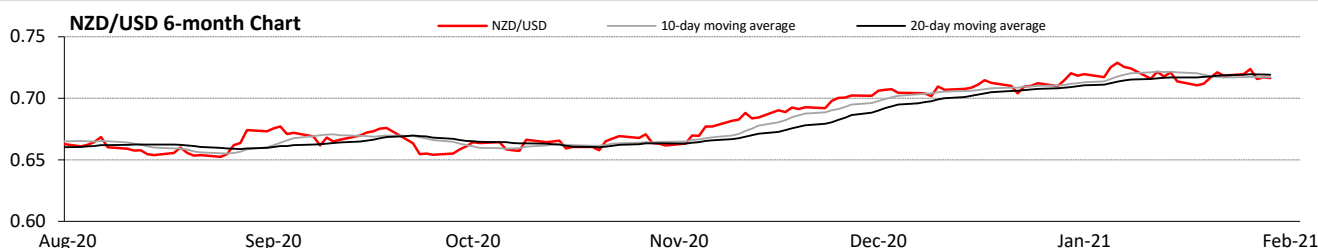
0.7094 (-) New Zealand Q3 unemployment rate arrived at 5.3%, higher than 4% in previous quarter

0.7094 (+) New Zealand December Commodity Price Index arrived at 1.8%, higher than 0.9% in previous month

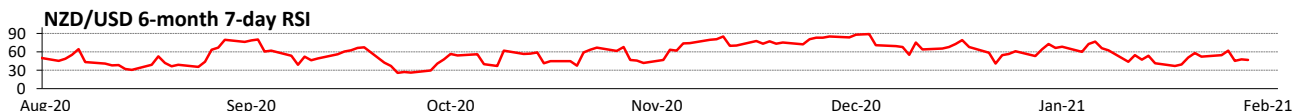
0.7247

Market's Focus

NZD/USD 6-month Chart



NZD/USD 6-month 7-day RSI



JPY



Bank of Japan kept benchmark interest rate unchanged in January. Japan January manufacturing PMI recorded at 49.8, which was slightly higher than its previous value. USDJPY rose 0.1% overnight; while JPYHKD traded around the 7.4 level.

Technical Analysis

02-Feb

Daily change:

High

Low

Support*

Resistance*

vs USD

104.21

-0.62% (+) Japan Q3 GDP fell 5.7% YoY, dropped less than a decrease of 10.3% in previous quarter

104.56 (-) Japan December CPI nationwide ex fresh food fell 1.2% YoY, dropped more than a decrease of 0.9% in previous month

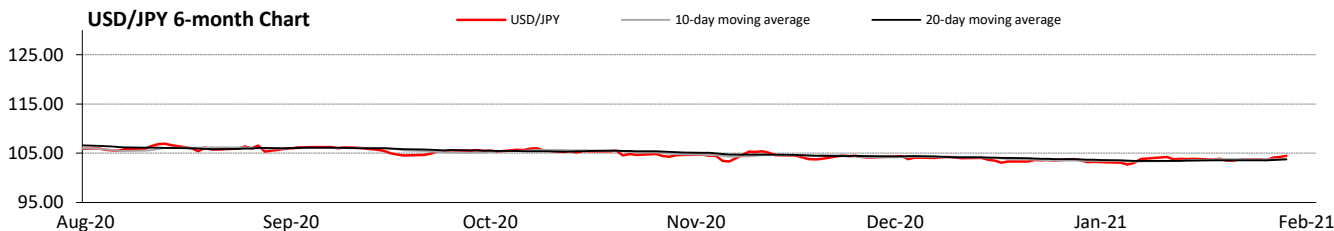
103.31 (-) Japan January manufacturing PMI arrived at 49.8, lower than 50 in previous month

103.49 (~) Japan December Industrial Production fell 1.6% MoM, same as previous month

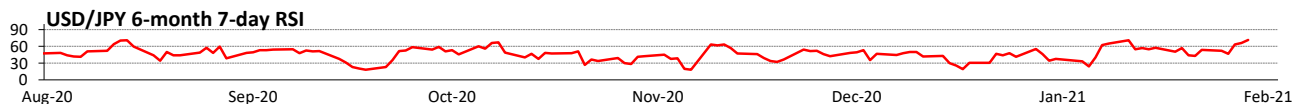
104.74

Market's Focus

USD/JPY 6-month Chart



USD/JPY 6-month 7-day RSI



Daily FX Focus

2/2/2021

CAD



Bank of Canada kept benchmark interest rate unchanged in January. Canada January Markit manufacturing PMI recorded at 54.4, which was far lower than its previous value. USDCAD rose 0.4% and broke above the 1.28 level overnight; while CADHKD traded above the 6.0 level.

Technical Analysis

02-Feb

Daily change:

High

Low

Support*

Resistance*

vs USD

1.2830

-0.74%

1.2881

1.2586

1.2649

1.2944

Market's Focus

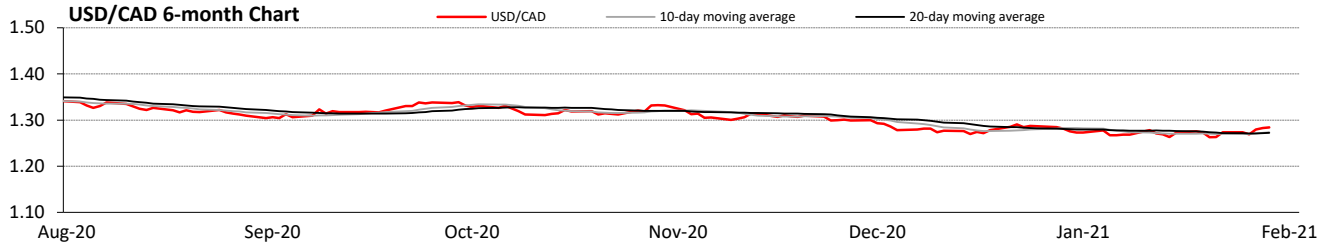
(+) Canada November GDP fell 2.8% YoY, dropped less than a decrease of 3.4% in previous month

(-) Canada December CPI rose 0.7% YoY, lower than an increase of 1% in previous month

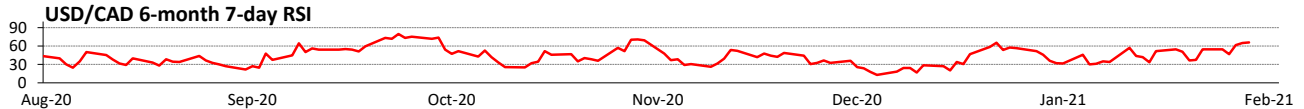
(-) Canada December unemployment rate arrived at 8.8%, higher than 8.6% in previous month

(-) Canada January Manufacturing PMI arrived at 54.4, lower than 57.9 in previous month

USD/CAD 6-month Chart



USD/CAD 6-month 7-day RSI



Daily FX Focus

2/2/2021

Important Economic Data Release

Source: Bloomberg as of February 2, 2021

United States

		Analysts	Previous	Actual
1-Feb-21 Construction Spending MoM	Dec	0.80%	0.90%	1%
1-Feb-21 ISM Manufacturing*	Jan	60	60.5	58.7
1-Feb-21 ISM Prices Paid	Jan	75.5	77.6	82.1
3-Feb-21 ADP Employment Change	Jan	50K	-123K -	
3-Feb-21 MBA Mortgage Applications*	Weekly		-4.10% -	
3-Feb-21 ISM Non-Manf. Composite	Jan	56.7	57.7 -	
4-Feb-21 Durable Goods Orders*	Jan	0.20%	0.20% -	
4-Feb-21 Durables Ex Transportation	Jan	0.70%	0.70% -	
4-Feb-21 Initial Jobless Claims*	Weekly	830K	847K -	
4-Feb-21 Continuing Claims	Weekly	4500K	4771K -	
4-Feb-21 Nonfarm Productivity	Qtrly	-2.90%	4.60% -	
4-Feb-21 Factory Orders*	Dec	0.70%	1% -	
5-Feb-21 Change in Nonfarm Payrolls*	Jan	50K	-140K -	
5-Feb-21 Change in Manuf. Payrolls	Jan	30K	38K -	
5-Feb-21 Trade Balance*	Dec	-65.65B	-68.142B -	
5-Feb-21 Unemployment Rate*	Jan	6.70%	6.70% -	
6-Feb-21 Consumer Credit	Dec	12B	15.274B -	

Regional

1-Feb-21 Australia TD Securities Inflation	Mar		0.20%	0.20%
1-Feb-21 Australia AiG Performance of Mfg I	Mar		55.30%	55.30%
2-Feb-21 Australia RBA Cash Target*		0.10%	0.10% -	
2-Feb-21 Hong Kong Retail Sales - Value (YoY)	Dec	-14.70%	-4% -	
3-Feb-21 Australia Building Approvals (MoM)	Dec	3%	2.60% -	
3-Feb-21 New Zealand Employment Change (QoQ)	Qtrly	0.10%	-0.80% -	
4-Feb-21 Australia Trade Balance*	Dec	8750M	5022M -	
5-Feb-21 Australia AiG Performance of Services	Dec		52.9 -	

G7 Countries

1-Feb-21 France PMI Manufacturing*	Mar	51.5	51.5	51.6
1-Feb-21 Germany PMI Manufacturing	Mar	57	57	57.1
1-Feb-21 Germany Retail Sales (MoM)	Dec	-2%	1.10%	1.10%
1-Feb-21 Italy PMI Manufacturing	Jan	52.4	52.8	55.1
1-Feb-21 Japan Vehicle Sales (YoY)	Jan		7.40%	6.80%
1-Feb-21 UK PMI Manufacturing	Mar	52.9	52.9	54.1
1-Feb-21 UK Mortgage Approvals	Dec	100K	104.969K	103.381K
2-Feb-21 France Consumer Price Index (YoY)	Jan	0.40%	0% -	
2-Feb-21 France CPI - EU Harmonised (YoY)	Jan	0.50%	0% -	
2-Feb-21 UK Nat'wide House Price sa (MoM)*	Jan	0.30%	0.80% -	
2-Feb-21 UK Nat'wide House Price nsa (YoY)*	Jan	6.90%	7.30% -	
3-Feb-21 France PMI Services	Mar	46.5	46.5 -	
3-Feb-21 Germany PMI Services	Mar	46.8	46.8 -	
3-Feb-21 UK PMI Services	Mar	38.8	38.8 -	
4-Feb-21 UK BOE Announces Rates*		0.10%	0.10% -	
5-Feb-21 Canada Ivey Purchasing Manager Index	Jan		53.9 -	
5-Feb-21 Canada Net Change in Employment	Jan	-45.8K	-52.7K -	
5-Feb-21 Germany Factory Orders MoM (sa)*	Dec	-1.30%	2.30% -	
5-Feb-21 Germany Factory Orders MoM (nsa)	Nov	6.70%	2.30% -	
5-Feb-21 Italy Retail Sales (YoY)	Dec	-4.8	-8.1 -	



Daily FX Focus

2/2/2021

Central Bank Rate

	Current	Prior	Date		Current	Prior	Date
FED Fund	0.25	0.25	18-Mar-21	Canada (BOC)	0.25	0.25	10-Mar-21
Europe (ECB)	0.00	0.00	11-Mar-21	Japan (BOJ)	-0.10	-0.10	19-Mar-21
UK (BOE)	0.10	0.10	4-Feb-21	Malaysia	1.75	1.75	0-Jan-00
Australia (RBA)	0.10	0.10	2-Feb-21	Taiwan	1.13	1.13	0-Jan-00
New Zealand (RBNZ)	0.25	0.25	24-Feb-21	Indonesia	3.75	3.75	0-Jan-00

Please take note that the primary sources of all the charts are from Reuters dated 2 Feb 2021 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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