

## **Global Market Outlook- 05 Nov 20**

Election race still remains cloudy- it all comes down to whether the incumbent concedes defeat or not - hence few more turbulent days for the financial markets .

Markets cheer the likelihood of gridlock in Congress - 'nothing is going to change - do nothing Presidency '. Probability that Elizabeth Warren would be running Treasury and Bernie Sanders in Labour is a lot less likely .There is a perceptible risk that this exuberance might very well turn into a bullish trap as economy needs a proactive administration in the context of current pandemic spread .

Diminished chance of fiscal will bring pressure on Fed to take up its QE role again with weary sigh. So today's Fed matters now. Weak ADP triggers interest in claims and Friday's NFP. Risk-FX is not out of the woods yet : USD is holding at support in a slow, but bullish correction.

EZ negatives likely to prevail -pandemic spread, weak economy and dovish ECB. Italy lockdown measures- EUR/USD about flat after wild 1.1770-1602 swing. Powerful rebound from 1.1602 (50% 1.1168-2014) but held by 1.1770 high right by 61.8% Fibo.

USD/CNY to 6.6381, lowest since July 2018, then bounced. Short-covering may fade before 6.6690.

Sterling has traded 1.2860-1.3175 range since early October, surviving turbulent FX moves around results, as well as ongoing Brexit talks. BOE not expected to surprise today - but Telegraph reported about BoE considering move into negative rates.

USD/JPY - Wild spike to 105.35 - 61.8% Fibo of the 106.11-4.00 drop- followed by tumble to 104.16 today- back mid-104 area. Major triple-bottoms at 104.00-195 since July limit falls.

USD/INR to open lower- likely to remain supported on dips to 74.20. Consolidation after 74.83 objective - Ability to close above 74.43 today to indicate one more push towards yesterday's high .