

## **Thiagu's Blog Global Market Outlook-11 Nov 20**

Markets weigh immediate pandemic risks against vaccine prospects. Initial reaction of selling currencies with negative yielding government debt has abated, while equities erasing Monday's surge - rally in Treasury yields has flattened as markets not inclined to extend selloff as a trying northern winter looms. Aggressive U.S. fiscal relief unlikely before key Jan. 5 Senate run-offs.

Politics and Virus continue to matter: Trump resists conceding the election and moves loyalists into key Pentagon jobs. In the Virus front, US reported at horrendous new daily case record of above 130,000.

In a positive spin for Global growth, South Korea's exports for the first 10 days of November surged 20.1% on strong chip sales and solid demand.

USD index gets positively correlated with S&P 500 all on a sudden: gains have been capped for a second day at 92.97 - 38.2% Fibo of plunge from last week's peak to Monday low.

EURUSD dip came in the wake of worse than expected German ZEW .55-dma at 1.1783 & option expiries cushioned the fall to 1.1780. 50% Fibo of 1.1602-to-1.1920 surge from last week's low to Monday's peak at 1.1761 is a strong support - upside resistance 1.1840 to hold.

Sustained Wall St technology sell off seen negative for Asia especially China and Korea. Separately China drafts rules aimed at behemoth internet platforms. USD/CNY bearish bias to abate on close above 6.6319

Biden stresses N. Irish peace deal is key in first call to Boris. Adds pressure on UK in Brexit talks ahead of a US trade deal. 10-year gilt yield rises to seven-month high of 0.405%. Six days of higher highs & lows keeps GBPUSD uptrend strong; resist at 1.3291, 76.4% of Sept fall. 1.3300 break would open 1.3481 Sep high

Nikkei has been rallying off 22,948.47 on Oct 30. USD/JPY has rallied alongside Nikkei, with a slight lag, from 103.18 on Nov 6 to as high as 105.64 Monday, giving rise to the renewed perception of a strong USD/JPY-Nikkei correlation. With the Nikkei looking to extend its rally in the near term, perhaps to 27,270.33 peak seen in 1991, USD/JPY-Nikkei correlation suggests break of 106.11.

Another instance of stronger the equities weaker the currency concept? Otherwise also Break past 74.21 to anchor the move till 74.53 in the well-established broader range 73.85 -74.85