

USD Softer but Range Trading Prevails

- USD mixed in narrow bands with risk-sensitive FX lifted vs losses in havens.
- CAD rises with oil as commodity currencies lead; Sep/Oct retail sales at 8.30ET.
- EUR again rejects 1.1890/95 area to lag key peers; Madrid imposes Dec lockdown.
- GBP trades narrowly in upper 1.32s as it awaits Brexit progress.
- JPY eases on risk mood, record daily cases, and soft PMI data.
- AUD regains 0.73 handle in lift from risk mood and strong retail sales.
- MXN heads toward 20 mark in bid for risk and energy prices.

FX Market Update - The USD is narrowly mixed against the major currencies, leaving the DXY slightly (around 0.1% higher) on the day. The DXY is still trading net lower on the week but it remains above the previous week's low and the three-month range base remains intact. Beyond the G10 currencies, the likes of the MXN, ZAR and KRW are displaying even lower volatility intraday, reflecting an FX market that appears to be grinding to something of a halt amid weak macro-economic or fundamental impulses, low conviction, and poor participation. With no US data releases on tap today, another session of the USD tracking risk appetite looks more than likely. Asian stocks were mixed, European markets are holding gains of around 0.5% overall at writing while US futures are in the red—but climbing back from the slide seen in initial after hours trading, giving a modestly positive spin to risk sentiment. S&P futures fell late Thursday amid signs of a rift between the US Treasury and the Fed; Sec. Mnuchin issued a letter asking the Fed to return unused funds provided by the government for lending (to be used instead as stimulus); the Fed promptly responded by requesting that all programmes be maintained into next year. Regardless of the recent vaccine news, we remain somewhat cautious on risk assets, given that the latest surge in US COVID cases continues in and around the US holidays, dampening economic prospects. The USD remains under some pressure and our view that it might pick up a little support into year end may be challenged if market expectations for additional Fed action ramp up ahead of the December 16th FOMC.

USDCAD (1.3058) • The CAD remains tightly bound in its established range against the USD. Neither news that Ontario is facing a “tough”, according to the Premier, new round of restrictions today nor that Moody's affirmed Canada's Aaa rating (with a stable outlook) yesterday evening has had any obvious impact on the CAD. Crude oil prices are modestly firmer (WTI trading above \$42/bbl) on the session but range trading prevails here as well. The CAD is a modest out-performer on the day, alongside its commodity peers, but this reflect risk sentiment more than anything else. Canada releases Sep Retail Sales data this morning—the street is looking for +0.2% m/m for the headline read, Scotiabank expects 0.0% m/m, in line with the “flash estimate” issued alongside the Aug data for “relatively unchanged” sales.

USDCAD short-term technicals: Neutral/bearish—Directional momentum is really lacking; despite some USD-positive signs here yesterday, the rebound in funds failed to extend much above the breakout zone in the low 1.31 area. USDCAD should still pick up a bit more support above 1.3125/35, according to our read of the charts, but confidence in any move extending too far—either way—is low. Support is 1.3025/35.

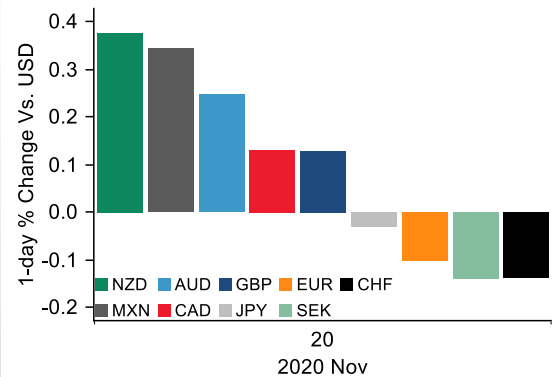
EURUSD (1.1861) • The EUR is among the worst performing majors overnight with a 0.1/2% decline that stands in contrast to the risk-positive tone in markets and may merely reflect strong selling pressure emerging in the upper 1.18s. The overnight data run was bare of any major releases and comments by Lagarde did not touch on monetary policy though De Guindos struck a dovish tone in remarks this morning where he noted that the bloc will likely contract in Q4. On a more positive note for the

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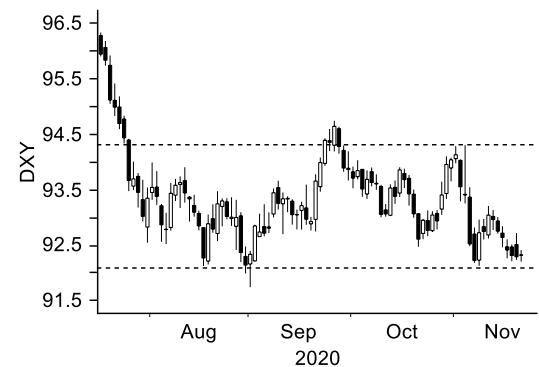
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USD Mixed, Commodity FX Outperforms



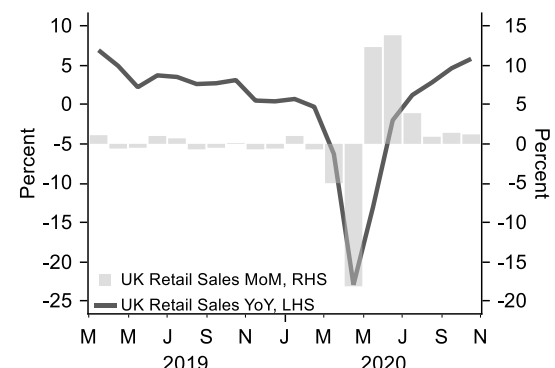
Source: Macrobond, Scotiabank FICC Strategy

DXY Stuck Around Recent Lows



Source: Macrobond, Scotiabank FICC Strategy

UK Retail Sales Firm in October



Source: Macrobond, Scotiabank FICC Strategy

EUR, there is some optimism building over a resolution to Poland's and Hungary's veto of the EU budget over its rule-of-law clause. Meanwhile, certain European regions are already extending their recent virus restrictions, with Madrid imposing a lockdown through Dec 4-14. The EUR will likely remain on a sideways range to close out the week.

EURUSD short-term technicals: Neutral—Range trading looks set to persist for the EUR in the near term as the currency again failed to extend past the 1.1890/95 area overnight as on Tuesday and Wednesday while the low 1.18s that it reached yesterday and on Monday (~1.1815/20) mark the bottom of its trading band and intermediate support ahead of the big figure. A drop below 1.18 should find a solid floor at ~1.1750 while a hard-fought move past 1.19 will not be obviously limited until ~1.1950.

GBPUSD (1.3283) • Sterling is practically unchanged for the day albeit still showing signs of momentum toward the 1.33 mark with overnight news re: Brexit and a strong beat for October retail sales (admittedly, now stale) seemingly ignored. EU negotiators reportedly told EU leaders that there has not been sufficient compromise by the UK on three key issues: fisheries, level playing field, and enforcement. The EU's von der Leyen noted there has been 'better progress' in talks, but 'a lot of work' still remains. Meanwhile, Macron, De Croo, and Rutte all called on the EU to ramp up preparations for a no-trade-deal split from the UK. To us, this still remains the most likely scenario despite both sides expressing hope that an agreement is reached—something that has been further complicated by the fact that face-to-face Frost/Barnier meetings are now suspended as the latter quarantines. Expect more choppy GBP price action on Brexit headlines.

GBPUSD short-term technicals: Neutral—Today, the GBP has merely built back its losses through yesterday's session which followed a short-lived push above 1.33 on Wednesday as the big figure acts as a firm ceiling for the GBP's gains through November (as part of a broad uptrend since late-Sep). Note that the 76.4% Fib retracement of its Sep drop stands at 1.3292. The week's narrow range seems to reflect poor conviction in the GBP extending its latest rally toward its year-to-date high of 1.3482 on Sep 1 but losses likewise look limited to a 1.32 floor (~1.1350/75 below).

TECHNICALS: BUY/SELL SIGNALS AND PIVOT LEVELS							Nov 20, 2020	
	30 Day Hist Vol	Spot	MACD	9 & 21- day MA	DMI	RSI	Pivot 1st Support	Pivot 1st Resist.
USDCAD	6.5	1.3049	sell	sell	sell	41	1.3024	1.3099
EURUSD	6.0	1.1872	buy	buy	buy	59	1.1828	1.1903
GBPUSD	9.7	1.3285	buy	buy	buy	62	1.3223	1.3319
USDCHF	7.1	0.9114	buy	buy	sell	49	0.9091	0.9138
USDJPY	7.9	103.80	sell	buy	sell	39	103.61	104.11
AUDUSD	9.7	0.7312	buy	buy	buy	62	0.7273	0.7332
USDMXN	11.1	20.0893	sell	sell	sell	32	19.97	20.32
DXY (USD index)	6.0	92.33	sell	na	sell	40	92.12	92.63
EURCAD	6.6	1.5492	buy	sell	buy	49	1.5465	1.5528
GBPCAD	9.4	1.7336	buy	buy	buy	56	1.7288	1.7383
AUDCAD	6.8	0.9541	buy	buy	buy	59	0.9508	0.9567
CADMXN	9.3	15.40	sell	sell	sell	31	15.33	15.52

Source: Scotiabank & Bloomberg

TODAY'S CALENDAR

Time (ET)	Country	Release	Period	Consensus	Last
08:00	EC	ECB's Weidmann at European Banking Congress			
08:30	CA	Retail Sales MoM	Sep	0.2%	0.4%
08:30	CA	Retail Sales Ex Auto MoM	Sep	0.0%	0.5%
08:30	US	Fed's Kaplan at Fed Energy and Economy Event			
09:00	US	Fed's Barkin and Bostic Discuss Mobility and Growth			
10:00	EC	Consumer Confidence	Nov A	-18	-15.5
13:30	US	Fed's George at Fed Energy and Economy Event			

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