

## The Dollar Index Daily Chart



## US Dollar

US dollar was mixed against other majors and trading was relatively light ahead of the release of the US non-farm report on Friday. Central banks news dominated trading while economic releases, and even a rally on Wall Street, were largely ignored. Both the European Central Bank and the Bank of England kept rates unchanged at 1% and 0.5% respectively after their policy meetings overnight, and both provided a cautiously optimistic view for the outlook of their economies. However, while the former seems to be taking a small step toward exiting quantitative easing by hinting that ECB would not offer 12-month loans to commercial banks in 2010, the latter announced that it would expand its asset purchase programme by GBP25 billion to a total of GBP200 billion. These actions seem to suggest that the UK economy might be in worse shape than its counterparts in the euro zone, warranting larger monetary stimulus. Nevertheless, as the decisions were largely in line with expectations, it had little impact on the currency market. The euro and pound sterling were little changed at around 1.4860 and 1.6580 against the US dollar respectively at the close. Market focus will now shift to the US where the October non-farm payroll report is scheduled for release. Consensus is calling for a rise in the unemployment rate to 9.9% and reduction of 175,000 workers.

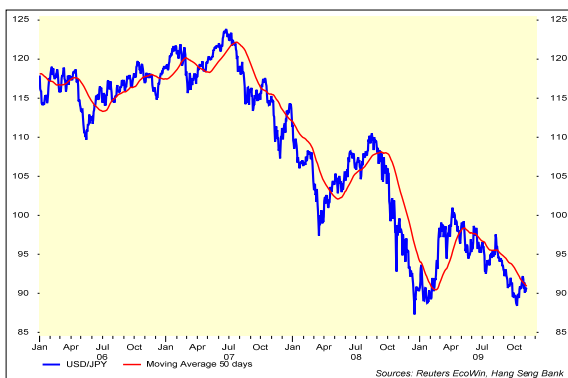
## EUR/USD Daily Chart



## EUR/USD

The euro rose after the European Central Bank set an optimistic tone about an improvement of economic activity and hinted at a gradual exit from its unconventional monetary policy. The ECB, while keeping its key interest rate unchanged at 1% after its policy meeting, indicated a possibility of a slow recovery in 2010. The euro had risen to as high as 1.4917 against the greenback, but then fell back to close at 1.4857/67 as investors took profit ahead of today's release of US job data.

## USD/JPY Daily Chart



## USD/JPY

The dollar edged up against most majors, but fell versus yen. Trading was largely range-bound, as currency traders were cautious ahead of the US employment report, disregarding the strong gains in stock market. The Dow surged 203 points to close above 10,000 after the positive US initial jobless claims and non-farm productivity reports, as well as the European Central Bank and Bank of England's decisions to maintain the status-quo. The greenback stalled in a tight band versus yen, hovering around 90.01 to 90.86 before closing at 90.59/69, down 31 pips from prior closing. All eyes are now on the US employment report due later today to lend a clearer landscape of a sustained recovery.

## XAU/USD Daily Chart



## Spot Gold

Gold retreated slightly from the record high in overnight's trade, as investors chose to take profits after the failure of the yellow metal to breach the USD1,100 barrier in the previous day. The precious metal fluctuated in the range of USD1,084.40 and USD1,094.10 per ounce throughout the whole trading day. At New York close, bullion prices finished at USD1,089.30/1,090.30. After an impressive rally over the past few days, gold may take a rest in the current level. Imminent support is sitting at USD1,070.



# Daily Commentary on FOREX

Treasury Division

## Hang Seng Financial Bulletin

5 Nov 2009 Closing

	High	Low	Close	Previous
EUR/USD	1.4917	1.4812	1.4857/67	1.4821/41
USD/YEN	90.86	90.01	90.59/69	90.90/10
GBP/USD	1.6635	1.6469	1.6575/85	1.6533/53
USD/CHF	1.0191	1.0135	1.0165/75	1.0170/90
AUD/USD	0.9124	0.9027	0.9090/00	0.9065/85
NZD/USD	0.7243	0.7162	0.7201/11	0.7230/50
USD/CAD	1.0680	1.0608	1.0637/47	1.0633/53
EUR/YEN	135.18	133.38	134.66/76	134.91/01
EUR/GBP	0.8998	0.8934	0.8959/68	0.8960/69
Gold (in USD)	1,094.10	1,084.40	1,089.30/1,090.30	1,085.70/1,087.70
Silver (in USD)	17.52	17.21	17.38/17.43	17.43/17.48

(All currency rates listed above are not necessarily equivalent to actual market trading prices.)

Source: Hang Seng Bank, Bloomberg L.P.

(%)	HIBOR	USD LIBOR
O/N	0.05	0.18
1-month	0.09	0.24
3-month	0.18	0.28
6-month	0.44	0.55
1-year	0.75	1.17

Source: Reuters

US Treasury Yield (%)		
3-month	0.03	-0.01
2-year	0.87	-0.03
5-year	2.33	-0.05
10-year	3.52	--
30-year	4.40	--

Source: Bloomberg L.P., New York Close

International Interest Rates (%)			
HK Discount Window Base Rate	0.50	Japanese Overnight Call Rate	0.10
US Fed Funds Target Rate	0-0.25	Canadian Overnight Rate Target	0.25
British Repo Rate	0.50	Australian Cash Rate	3.50
Euro Refinancing Rate	1.00	New Zealand Cash Rate	2.50

Source: Central Bank Data

Today's Global Economic Calendar			
HK Time	Events/Releases	Forecast	Prior
21:30	US Change in Nonfarm Payrolls (Oct)	-175K	-263K
21:30	US Unemployment Rate (Oct)	9.9%	9.8%
23:00	US Wholesale Inventories (MoM) (Sep)	-1.0%	-1.3%

Source: Bloomberg L.P.

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