

Everything pointing the same way today

Dovish ECB, US GDP rebound, and global anxiety over the pandemic rising as Europe re-starts lockdowns - all of which temporarily eclipses any election concerns



For once it all looks clear...it won't last

Despite our house call for a generally stronger EUR vs the USD over the coming 12 months, that view doesn't have to play out on a daily basis, and today, it looks fairly likely to go the other way.

The main driver of markets today is rising anxiety over the rise in Covid-19 cases in Europe, which has reached such a point that Germany and France have both announced a month-long "circuit breaker", which tightens existing restrictions - though to my mind, still tries to achieve a trade-off between keeping the economy open, and squeezing the virus out, which has been tested in many places, and shown not to work. So good luck with that. If it doesn't work, the restrictions will only get tighter. The key policy indicator of failure here will likely be when schools are eventually closed.

So stocks have been selling hard, and the resulting market anxiety has been resulting in a flow back to the USD, which provides a temporary reprieve from the "sell USD on expected Biden win"

view that had been prevailing.

Today's data may give the dollar's momentum some further push as we also have what is likely to be a fairly dovish ECB meeting ahead of what will look like some horribly negative Eurozone CPI data tomorrow. That said, our Eurozone team believe [ECB President Lagarde lacks the communication clout of some of her predecessors](#), so hints of say a December "big bazooka" on policy may be wrapped in velvet in their delivery. We will see. Anyway, it is hardly going to provide much support for the Euro.

Then we have US advance 3Q GDP, [\(see this from our US team\)](#) which captures all the reopening that happened after the lockdown, and could also look pretty good. Of course, we know the economy has slowed down since, and may even have gone backwards in a few areas, but that's a story for another day. And these figures should also be USD supportive.

This line of thinking may get us as far as the weekend, or at least, Friday lunchtime before thoughts return to the US election.

Asia Pacific picture not so black and white

In the APAC region, the dollar's resurgence is most evident against the \$-bloc currencies, especially the AUD, which at about 0.7060 is looking very soggy as we head towards next week's RBA meeting, and a decent chance of some further easing, though more likely QE than any further rate cuts (the market seems to think otherwise).

Korea's KRW also doesn't look too bad, though it has opened above 1135 this morning, but has probably had the blow softened by some decent business activity survey data out this morning from both the manufacturing and non-manufacturing sectors. Likewise, while the CNH has risen a bit over the last 24 hours, it isn't clear that it will continue to do so any more today. And as gravitational waves of the heavy Chinese currency tends to dominate the regions lighter currencies, this may dampen any broader Asian FX sell-off today.

Bond yields a bit torn

Bond markets are finding it also a two-sided story, so though the risk-off theme is dominating currently, with polls showing further Biden gains in some swing states in the US, thoughts are going to remain at least partly towards an early 2021 fiscal stimulus, with all that this entails in terms of increased bond supply. So bond yield declines may also remain muted before heading higher, as the election story comes to dominate again as we head towards the weekend and the final sprint to the finish for the candidates (that's a metaphor that doesn't really work for two septuagenarian, but time is short today...)

Bank of Japan today

Aside from the Korean data already out, Asia's calendar is relatively light, though there is a Bank of Japan (BoJ) meeting. The JPY is one currency in the region that has been gaining amidst all of the risk-off kerfuffle, which is entirely in keeping with its usual role as a safe haven currency. Again, I'm not sure this will last too long, and I'm also doubtful the BoJ will deliver any meaningful changes to their super-accommodative monetary stance at today's meeting. They usually don't.

Author

Amrita Naik Nimbalkar

Junior Economist, Global Macro

amrita.naik.nimbalkar@ing.com

Mateusz Sutowicz

Senior Economist, Poland

mateusz.sutowicz@ing.pl

Alissa Lefebre

Economist

alissa.lefebvre@ing.com

Deepali Bhargava

Regional Head of Research, Asia-Pacific

Deepali.Bhargava@ing.com

Ruben Dewitte

Economist

+32495364780

ruben.dewitte@ing.com

Kinga Havasi

Economic research trainee

kinga.havasi@ing.com

Marten van Garderen

Consumer Economist, Netherlands

marten.van.garderen@ing.com

David Havrlant

Chief Economist, Czech Republic

420 770 321 486

david.havrlant@ing.com

Sander Burgers

Senior Economist, Dutch Housing

sander.burgers@ing.com

Lynn Song

Chief Economist, Greater China

lynn.song@asia.ing.com

Michiel Tukker

Senior European Rates Strategist

michieltukker@ing.com

Michal Rubaszek

Senior Economist, Poland

michal.rubaszek@ing.pl

This is a test author

Stefan Posea

Economist, Romania

tiberiu-stefan.posea@ing.com

Marine Leleux

Sector Strategist, Financials

marine.leleux2@ing.com

Jesse Norcross

Senior Sector Strategist, Real Estate

jesse.norcross@ing.com

Teise Stellema

Research Assistant, Energy Transition

teise.stellema@ing.com

Diederik Stadig

Sector Economist, TMT & Healthcare

diederik.stadig@ing.com

Diogo Gouveia

Sector Economist

diogo.duarte.vieira.de.gouveia@ing.com

Marine Leleux

Sector Strategist, Financials

marine.leleux2@ing.com

Ewa Manthey

Commodities Strategist

ewa.manthey@ing.com

ING Analysts

James Wilson

EM Sovereign Strategist

James.wilson@ing.com

Sophie Smith

Digital Editor

sophie.smith@ing.com

Frantisek Taborsky

EMEA FX & FI Strategist

frantisek.taborsky@ing.com

Adam Antoniak

Senior Economist, Poland

adam.antoniak@ing.pl

Min Joo Kang

Senior Economist, South Korea and Japan

min.joo.kang@asia.ing.com

Coco Zhang

ESG Research

coco.zhang@ing.com

Jan Frederik Slijkerman

Senior Sector Strategist, TMT

jan.frederik.slijkerman@ing.com

Katinka Jongkind

Senior Economist, Services and Leisure

Katinka.Jongkind@ing.com

Marina Le Blanc

Sector Strategist, Financials

Marina.Le.Blanc@ing.com

Samuel Abettan

Junior Economist

samuel.abettan@ing.com

Franziska Biehl

Senior Economist, Germany

Franziska.Marie.Biehl@ing.de

Rebecca Byrne

Senior Editor and Supervisory Analyst

rebecca.byrne@ing.com

Mirjam Bani

Sector Economist, Commercial Real Estate & Public Sector (Netherlands)

mirjam.bani@ing.com

Timothy Rahill

Credit Strategist

timothy.rahill@ing.com

Leszek Kasek

Senior Economist, Poland

leszek.kasek@ing.pl

Oleksiy Soroka, CFA

Senior High Yield Credit Strategist

oleksiy.soroka@ing.com

Antoine Bouvet

Head of European Rates Strategy

antoine.bouvet@ing.com

Jeroen van den Broek

Global Head of Sector Research

jeroen.van.den.broek@ing.com

Edse Dantuma

Senior Sector Economist, Industry and Healthcare

edse.dantuma@ing.com

Francesco Pesole

FX Strategist

francesco.pesole@ing.com

Rico Luman

Senior Sector Economist, Transport and Logistics

Rico.Luman@ing.com

Jurjen Witteveen

Sector Economist

jurjen.witteveen@ing.com

Dmitry Dolgin

Chief Economist, CIS

dmitry.dolgin@ing.de

Nicholas Mapa

Senior Economist, Philippines

nicholas.antonio.mapa@asia.ing.com

Egor Fedorov

Senior Credit Analyst

egor.fedorov@ing.com

Sebastian Franke

Consumer Economist

sebastian.franke@ing.de

Gerben Hieminga

Senior Sector Economist, Energy

gerben.hieminga@ing.com

Nadège Tillier

Head of Corporates Sector Strategy

nadege.tillier@ing.com

Charlotte de Montpellier

Senior Economist, France and Switzerland

charlotte.de.montpellier@ing.com

Laura Straeter

Behavioural Scientist

+31(0)611172684

laura.Straeter@ing.com

Valentin Tataru

Chief Economist, Romania

valentin.tataru@ing.com

James Smith

Developed Markets Economist, UK

james.smith@ing.com

Suvi Platerink Kosonen

Senior Sector Strategist, Financials

suvi.platerink-kosonen@ing.com

Thijs Geijer

Senior Sector Economist, Food & Agri

thijs.geijer@ing.com

Maurice van Sante

Senior Economist Construction & Team Lead Sectors

maurice.van.sante@ing.com

Marcel Klok

Senior Economist, Netherlands

marcel.klok@ing.com

Piotr Poplawski

Senior Economist, Poland

piotr.poplawski@ing.pl

Paolo Pizzoli

Senior Economist, Italy, Greece
paolo.pizzoli@ing.com

Marieke Blom
Chief Economist and Global Head of Research
marieke.blom@ing.com

Raoul Leering
Senior Macro Economist
raoul.leering@ing.com

Maarten Leen
Head of Global IFRS9 ME Scenarios
maarten.leen@ing.com

Maureen Schuller
Head of Financials Sector Strategy
Maureen.Schuller@ing.com

Warren Patterson
Head of Commodities Strategy
Warren.Patterson@asia.ing.com

Rafal Benecki
Chief Economist, Poland
rafal.benecki@ing.pl

Philippe Ledent
Senior Economist, Belgium, Luxembourg
philippe.ledent@ing.com

Peter Virovacz
Senior Economist, Hungary
peter.virovacz@ing.com

Inga Fechner
Senior Economist, Germany, Global Trade
inga.fechner@ing.de

Dimitry Fleming
Senior Data Analyst, Netherlands
Dimitry.Fleming@ing.com

Ciprian Dascalu
Chief Economist, Romania
+40 31 406 8990
ciprian.dascalu@ing.com

Muhammet Mercan

Chief Economist, Turkey

muhammet.mercan@ingbank.com.tr

Iris Pang

Chief Economist, Greater China

iris.pang@asia.ing.com

Sophie Freeman

Writer, Group Research

+44 20 7767 6209

Sophie.Freeman@uk.ing.com

Padhraic Garvey, CFA

Regional Head of Research, Americas

padhraic.garvey@ing.com

James Knightley

Chief International Economist, US

james.knightley@ing.com

Tim Condon

Asia Chief Economist

+65 6232-6020

Martin van Vliet

Senior Interest Rate Strategist

+31 20 563 8801

martin.van.vliet@ing.com

Karol Pogorzelski

Senior Economist, Poland

Karol.Pogorzelski@ing.pl

Carsten Brzeski

Global Head of Macro

carsten.brzeski@ing.de

Viraj Patel

Foreign Exchange Strategist

+44 20 7767 6405

viraj.patel@ing.com

Owen Thomas

Global Head of Editorial Content

+44 (0) 207 767 5331

owen.thomas@ing.com

Bert Colijn

Chief Economist, Netherlands

bert.colijn@ing.com

Peter Vanden Houte

Chief Economist, Belgium, Luxembourg, Eurozone

peter.vandenhoute@ing.com

Benjamin Schroeder

Senior Rates Strategist

benjamin.schroeder@ing.com

Chris Turner

Global Head of Markets and Regional Head of Research for UK & CEE

chris.turner@ing.com

Gustavo Rangel

Chief Economist, LATAM

+1 646 424 6464

gustavo.rangel@ing.com

Carlo Cocuzzo

Economist, Digital Finance

+44 20 7767 5306

carlo.cocuzzo@ing.com