

Daily Market Outlook

10 September 2025

Brace for inflation prints

- **USD rates.** UST yields rebounded from intra-day lows to end 3-7bps higher in a flattening manner, as investors looked past labour market statistics and forward to the next key data prints. The downward revisions under QCEW were bigger than expected; the downward revision of 911K points to an average of 76K per month. Yields dipped transiently upon the releases, but quickly rebounded, as rate cuts are already in the price in view of the softening labour market. Demand at the 3Y coupon bond auction was solid, stopping through at 3.485% despite the recent richening in the bond. Bid/cover ratio was higher at 2.73x versus 2.53x, while indirect accepted was higher at 74.2% which left primary dealer award at a record low of 8.4% for this tenor. Still, short-end bonds are likely prone to upside surprises in inflation – PPI and CPI to be released tonight and on Thursday. 10Y yield rose back to trade near our year-end expectation of 4.10%; near-term range is at 4.00-4.20%.
- **DXY. Bears Await Inflation Prints.** USD rebounded post-BLS revision in what looked like a “buy on rumour, sell the fact” trade. Markets have fully priced in a 25bp cut for Sep FOMC and nearly 3 cuts for 2025. Focus shifts to PPI today and the CPI on Thur. Softer inflation print may be needed for markets to consider if a 50bp cut at Sep FOMC or a deeper Fed cut trajectory may be warranted. DXY was last at 97.70 levels. Daily momentum is showing a mild bearish bias while RSI was flat. 2-way trades intra-day with bias to sell rallies. Resistance at 98.10 levels (21, 50 DMAs), 98.70 (100 DMA) and 99.60 (23.6% fibo retracement of 2025 high to low). Support at 96.40 levels.
- **USDCHF. Near Term Bounce Not Ruled Out; Sell Rallies.** USDCHF rebounded overnight off its multi-week lows of sub-0.80. There were 2 remarks from SNB President Schlegel in a recent interview worth highlighting. One, he noted that the bar is very high for reintroducing negative interest rates, given the harmful effects on savers and pension funds. He emphasised that negative rates would only be considered under exceptional circumstances. With policy rate currently at 0, this may suggest that policy easing is not on the table at the upcoming meeting on 25 Sep. Two, he indicated that the *franc has mainly appreciated against the dollar. In real terms, however, the appreciation is not as great as it seems at first glance.* Such rhetoric implies less of a ceiling on CHF strength and

Frances Cheung, CFA
FX and Rates Strategy
FrancesCheung@ocbc.com

Christopher Wong
FX and Rates Strategy
ChristopherWong@ocbc.com

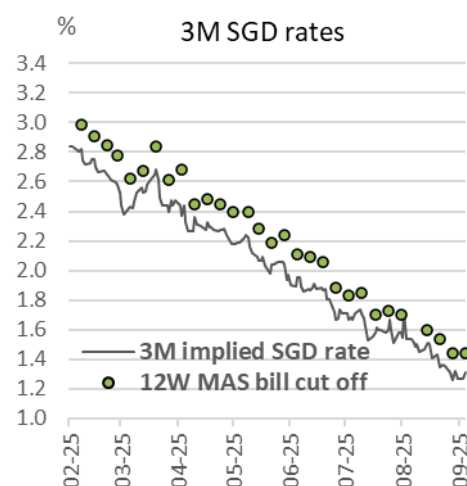
Global Markets Research and Strategy

with SNB reluctant to counter appreciation, USD/CHF may remain a sell-on-rally (should USD softness persists). Pair was last at 0.7975 levels. Mild bearish momentum on daily chart intact while RSI rose from near oversold conditions. Bearish crossover observed with 21 cutting 50 DMA to the downside. Bias to sell rallies. Resistance at 0.8020 (21, 50 DMAs, 50% fibo retracement of Jul low to Aug high), 0.8060 (38.2% fibo). Support at 0.7920 (recent low), 0.7870 (2025 low).

- JPY rates.** JPY OIS edged higher upon media headlines that the “BoJ is said to see chance of hike this year despite politics” and “BoJ is said to likely keep rates unchanged on 19 September”. We note these do not reflect any fresh opinions or expectations. First, JPY OIS essentially price in a zero chance of a move at September meeting. Second, recent speeches by BoJ officials have continued with the stance that if their baseline scenario is realised, then it would be appropriate to raise the policy rate. Our base-case remains for one 25bp hike in Q4 this year, while JPY OIS last priced 16bps. Separately, the decision on the composition of JGB purchases during Q4 is to be made by 30 September. According to an earlier BoJ study during the review of monetary policy, “bid-ask spreads begin non-linear widening when the share of the Bank's outstanding holdings of an individual JGB issue exceeds 50 percent. Moreover, once the share exceeds 70 percent, an increase in the Bank's purchases can even reduce overall market trading volumes”. As such, any further reduction in the purchase amounts of super long end bonds will not be surprising.
- USDJPY. Sell Rallies.** USDJPY fell to low of 146.31 yesterday on BoJ report saying *see chance of hike this year despite politics*. Pair subsequently rebounded. Last seen at 147.35 levels. Daily momentum is showing tentative signs of turning mild bearish while RSI is flat. 2-way risks but retain bias to sell rallies. Support at 146.70 (38.2% fibo retracement of Apr low to Aug high) and 145.90 (100 DMA). Resistance at 147.50 (21, 50 DMAs), 148.32 (23.6% fibo) and 148.80 (200 DMA). The LDP election to find the next successor is on 4 Oct. More details on who the candidates are, and their policy bias should be expected from 22 Sep, when the leadership campaign starts. It is a full-spec vote, meaning that the election is conducted in its complete format. All LDP members – Both lower and upper house will vote and each will have 1 vote. All rank-and-file members (about 1.1mio of them) across the country will also vote but the votes are tallied and converted into the same number of votes as there are LDP lawmakers (about 296 LDP members) in parliament. Near term, political uncertainties in Japan may temporarily hinder BoJ from normalising policy at upcoming meeting on 19 Sep. But JPY weakness (due to politics) should reverse when uncertainty fades. Wage growth, broadening services inflation and upbeat economic activities in Japan should continue to support BoJ policy normalisation, likely at future meetings – they

have one meeting scheduled on 30 Oct and another one in Dec. Markets yet to fully price a hike. Moreover, Fed cutting rate in due course should also help to bring USDJPY lower at some point amid Fed-BoJ policy divergence.

- EURUSD. Buy Dips Preferred.** EUR continued to trade near 1.17-handle despite French political risks. Fiscal and debt issues can have implications on EUR. We do not rule out the risk of French rating being downgraded, and this may well have some downward pressure on EUR. Nevertheless, we reiterate that political noises may have short term bearish implication on EUR but the broader fundamentals should still support EUR, on a buy on dips. Pair was last at 1.1700. Daily momentum is mild bullish but RSI is flat. 2-way trades still likely in the interim; bias to buy on dips. Support at 1.1650/60 levels (21, 50 DMAs) and 1.1570 (23.6% fibo retracement of Mar low to Jul high). Resistance at 1.1830 levels (2025 high).
- USDSGD. Range-bound.** USDSGD continued to trade near recent low. Pair was last at 1.2830. Daily momentum turned mild bearish but decline in RSI moderated. Consolidation likely intraday. Support here at 1.2810/30 levels. Resistance at 1.2920, 1.2950 levels. Expect the pair to remain driven by moves in USD, JPY and RMB. There is no domestic data scheduled for release this week. S\$NEER is about 1.75% above our model-implied mid.
- SGD rates.** 4W and 12W MAS bills cut off at 1.45% and 1.44% respectively, which was little changed from the auctions a week ago despite higher implied SGD interest rates. SGD7.8bn of 6M T-bills will be auctioned on Thursday. 6M implied SGD rates traded at around 1.17% this morning, which was around 3bps below the level two weeks ago, which may point to a range of 1.40-1.45% for 6M T-bill cut-off barring bigger movements in the market running into the auction. Front-end SGD rates have stayed volatile. SORA was fixed higher at 1.7149% on Tuesday, while 1M and 3M implied rates traded around 10bps higher yesterday. In view of the volatility, we continue to favour bond/swap spread trades at the short end.
- IndoGBs** showed some stabilisation at open this morning, after the sell-off on Tuesday. The conventional bond auction yesterday garnered incoming bid amount of IDR79.55trn, which was not as strong as those at previous auctions; IDR24.45trn of bonds were awarded versus indicative target of IDR27trn. Most of the incoming bids went to the 5Y and 10Y bonds as usual. Quarter to date gross issuances amounted to IDR237.35trn, which still look set to surpass quarterly target of IDR252trn with two sukuk and one conventional bond auctions left for the quarter. Month to date (as of 8 September), bond outflows amounted to IDR16.3trn. Nevertheless, domestic banks and other non-bank domestic investors have added to holdings, making up for the interim slack, while net supply during these days was minimal.



Source: MAS, Bloomberg, OCBC Research



Macro Research

Selena Ling

Head of Research & Strategy
lingssselena@ocbc.com

Herbert Wong

Hong Kong & Taiwan Economist
herberthtwong@ocbc.com

Jonathan Ng

ASEAN Economist
jonathannq4@ocbc.com

Tommy Xie Dongming

Head of Asia Macro Research
xied@ocbc.com

Lavanya Venkateswaran

Senior ASEAN Economist
lavanyavenkateswaran@ocbc.com

Ong Shu Yi

ESG Analyst
shuyionq1@ocbc.com

Keung Ching (Cindy)

Hong Kong & Macau Economist
cindyckeung@ocbc.com

Ahmad A Enver

ASEAN Economist
ahmad.enver@ocbc.com

FX/Rates Strategy

Frances Cheung, CFA

Head of FX & Rates Strategy
francescheung@ocbc.com

Christopher Wong

FX Strategist
christopherwong@ocbc.com

Credit Research

Andrew Wong

Head of Credit Research
wongvkam@ocbc.com

Ezien Hoo, CFA

Credit Research Analyst
ezienhoo@ocbc.com

Wong Hong Wei, CFA

Credit Research Analyst
wonghongwei@ocbc.com

Chin Meng Tee, CFA

Credit Research Analyst
mengteechin@ocbc.com

This report is solely for information purposes and general circulation only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This report should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein or to participate in any particular trading or investment strategy. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this report is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this report may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This report may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, it should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. In the event that you choose not to seek advice from a financial adviser, you should consider whether the investment product mentioned herein is suitable for you. Oversea-Chinese Banking Corporation Limited ("OCBC Bank"), Bank of Singapore Limited ("BOS"), OCBC Investment Research Private Limited ("OIR"), OCBC Securities Private Limited ("OSPL") and their respective related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future, interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial or securities related services to such issuers as well as other parties generally. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products. There may be conflicts of interest between OCBC Bank, BOS, OIR, OSPL or other members of the OCBC Group and any of the persons or entities mentioned in this report of which OCBC Bank and its analyst(s) are not aware due to OCBC Bank's Chinese Wall arrangement. This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).

The information provided herein may contain projections or other forward looking statements regarding future events or future performance of countries, assets, markets or companies. Actual events or results may differ materially. Past performance figures are not necessarily indicative of future or likely performance.

Privileged / confidential information may be contained in this report. If you are not the addressee indicated in the message enclosing the report (or responsible for delivery of the message to such person), you may not copy or deliver the message and/or report to anyone. Opinions, conclusions and other information in this document that do not relate to the official business of OCBC Bank, BOS, OIR, OSPL and their respective connected and associated corporations shall be understood as neither given nor endorsed.

Co.Reg.no.: 193200032W

Follow our podcasts by searching 'OCBC Research Insights' on Telegram!