

Daily Market Outlook

12 August 2025

Extension of China Truce; US CPI in Focus

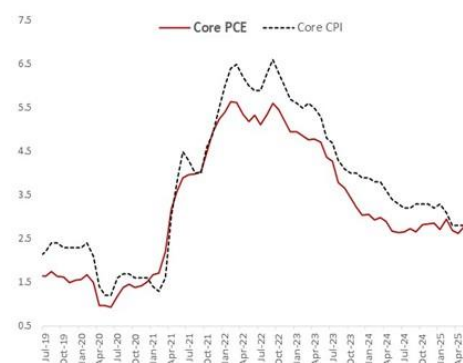
- DXY. CPI Report Can Be a Binary Risk.** USD traded a touch firmer overnight, but the moves were well within recent range. Range-bound trade suggests that markets see little risk-reward in pre-positioning for trades ahead of a major data release. US CPI (830pm SGT) is potentially shaping up to be a binary event risk. Consensus looks for core CPI to print 3% y/y. Softer than expected US CPI may even tip markets to price in some chance of 50bp Fed cut in Sep. This can drag USD lower. But the USD risk going higher if CPI comes in much hotter-than-expected, reflecting tariff passthrough effects. This week, we hear from Fed's Barkin, Schmid and Goolsbee (on a few separate occasions spread over Tue to Thu). On data, apart from US CPI tonight, Thu has PPI while Fri has retail sales and inflation expectations. Data releases this week and Fedspeaks may shape expectations on the trajectory of Fed cut. DXY was last at 98.50 levels. Daily momentum and RSI indicators are not showing a clear bias. Sideways trading in the interim. Support here at 98 levels, 97.20. Resistance at 99.40 (100 DMA), 100 levels.

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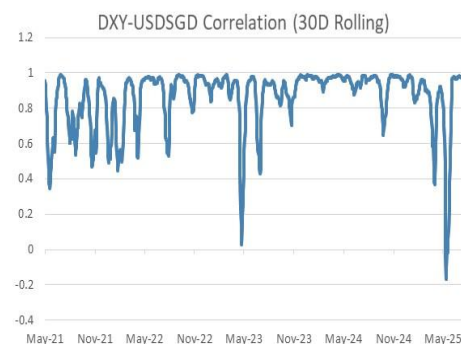
Global Markets Research and Strategy



Source: Bloomberg, OCBC Research

- AUDUSD. RBA's Guidance; Extension of China Truce.** AUD was a touch firmer this morning amid supported risk sentiment and improvement in business confidence. Trump confirmed an extension of trade truce for another 90 days into early Nov. This means tariffs on China imports will stay at 30% while tariffs on US imports will stay at 10%. Meanwhile, Nvidia and AMD have managed to strike a deal with US administration to sell advanced chips to China by agreeing to pay the US government 15% of revenue from the sales. That said, AUD's near-term fate still hinges on RBA (policy decision today at 1230pm SGT), AU wage price index (Wed), labour market data (Thu) and USD moves this week. Softer 2Q CPI, PPI and decline in job advertisements had paved the way for RBA to deliver a 25bp cut. For the year remaining, OIS futures pointed to about 60bps cut. But it remains uncertain if RBA language will tilt more dovish or if the MPC prefers to stick to current "cautious and gradual" pace of rate cut. A less dovish or "no hurry" type of language/ guidance may frustrate AUD bears. AUD was last at 0.6520 levels. Bearish momentum on daily chart faded while RSI rose. Resistance at 0.6550 levels. Support at 0.65, 0.6430 levels.

- Gold. Some Clarity.** President Trump wrote on Truth Social that imports of gold will not be tariffed. This helped to remove earlier confusion when media earlier reported that 1-kg and 100-oz gold bar imports from Switzerland will be tariffed at 39%. Nevertheless, there is still no formal update/ executive order passed on this. Near term, US CPI and market expectation of Fed cut trajectory may also influence gold outlook. XAU was last seen at 3351. Mild bullish momentum on daily chart faded while decline in RSI moderated. Key area of support around 3340/50 (21, 50 DMAs). Decisive break puts next support at 3290 levels. Resistance at 3450, 3500 (2025 high).
- USDSGD. To Take Cues from USD.** MTI announced that Singapore 2025 growth forecast was upgraded to 1.5% - 2.5%, up from 0% – 2%. The upgrade was largely due to better-than-expected 1H performance. Looking ahead, authorities stuck to the guidance that outlook for rest of the year remains clouded by uncertainty, with the risks tilted to the downside. For SGD, there are 2 ways to look at it. (1) From a basket point of view or trade-weight, the S\$NEER continues to hold steady at around 1.90% above our model-implied midpoint. We expect S\$NEER to stay near the upper bound of the band, given the current policy stance (of mild appreciation path), structural drivers and policy credibility. But that also implies limited room for SGD to appreciate on basket basis. (2) From a USDSGD bilateral point of view, the pair will continue to track USD closely, as seen from the significant correlation between USDSGD and DXY (30d rolling coefficient at 0.97). US CPI report is likely a binary event risk. Softer than expected US CPI can tip markets to price in some chance of 50bp Fed cut in Sep. This can drag USD/AxJs, including USDSGD lower. But should there be a much hotter-than-expected CPI print, reflecting tariff passthrough effects, then USDSGD may risk going higher. USDSGD was last at 1.2860 levels. Daily momentum and RSI indicators are flat. 2-way trades likely for now. Support at 1.2850 (21 DMA), 1.2830 (50 DMA) and 1.2760 levels. Resistance at 1.29, 1.2950 levels.



Source: Bloomberg, OCBC Research



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