

Daily Market Outlook

12 December 2025

USD extends decline

- DXY. Bearish but near oversold conditions.** USD extended its decline, alongside the slippage in UST yields. Initial jobless claims rose by 44k to +236k, the biggest weekly increase since Mar-2020. While weekly data can be especially “noisy” around holiday season (Thanksgiving, Christmas), the 4-week moving average did tick higher last week. This adds to the soft labour market narrative, where not only job creation is slowing but layoffs continue to pick up. Nov NFP and CPI reports to be released next week on 16 and 18 Dec, respectively will be closely scrutinised. A softer set of data should give USD bears further courage to test lower while Dec seasonality trend sets a favourable environment for USD bears. Since 2000, the month of December is weakest (average -1.07%) amongst the twelve calendar months and DXY fell on 17 out of 25 Decembers.

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DXY Seasonality Trends Since 2000 (% change)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
24 to Aug	.51	.34	.10	-.49	.51	-.30	-.18	.37	.18	.34	-.04	-1.07
2024	1.92	.85	.32	1.66	-1.46	1.14	-1.67	-2.30	-.90	3.17	1.69	2.60
2023	-1.38	2.72	-2.25	-.83	2.62	-1.36	-1.03	1.73	2.47	.46	-2.97	-2.09
2022	.91	.17	1.66	4.73	-1.17	2.88	1.16	2.64	3.14	-.53	5.00	-2.29
2021	.72	.33	2.59	-2.09	-1.59	2.90	-.28	.49	1.73	-.11	1.99	-.34
2020	1.04	.76	.93	-.03	-.68	-.97	-4.15	-1.29	1.89	.16	-2.31	-2.10
2019	-.62	.61	1.17	.20	.28	-1.66	2.48	.41	.47	-2.04	.95	-1.92
2018	-3.25	1.66	-.71	2.08	2.33	.52	.09	.62	-.01	2.10	.15	-1.13
2017	-2.64	1.62	-.76	-1.30	-2.15	-1.34	-2.89	-.21	.44	1.59	-1.59	-.99
2016	.99	-1.40	-3.69	-1.59	3.02	.26	-.64	.52	-.58	3.12	3.10	.70
2015	5.02	.52	3.22	-3.82	2.44	-1.47	1.94	-1.55	.55	.62	3.33	-1.54
2014	1.59	-1.99	.51	-.78	1.13	-.74	2.11	1.59	3.85	1.14	1.66	2.17
2013	-.70	3.46	1.25	-1.48	1.99	-.29	-2.03	.78	-2.27	-.03	.60	-.80
2012	-1.11	-.69	.34	-.29	5.42	-1.71	1.23	-1.73	-1.57	-.02	.29	-.48
2011	-1.64	-1.09	-1.34	-3.85	2.34	-.45	-.55	.30	5.99	-3.04	2.91	2.29
2010	2.06	1.13	.88	.98	5.77	-.66	-5.21	2.04	-5.39	-1.85	5.09	-2.67
2009	5.77	2.34	2.93	-.96	-6.22	.99	-2.23	-.22	-1.94	-.46	-1.86	3.98
2008	-1.98	-1.95	-2.59	.98	.51	-.57	1.05	5.67	2.67	7.78	1.03	-6.02
2007	1.14	-1.22	-.77	-1.79	1.05	-.46	-1.40	.03	-3.80	-1.60	-.43	.72
2006	-2.42	1.29	-.42	-4.03	-1.61	.52	.16	-.29	1.15	-.83	-2.78	.84
2005	3.36	-1.27	1.88	.44	3.94	1.52	.29	-1.98	2.22	.61	1.67	-.44
2004	.32	.13	.34	3.28	-1.75	-.11	1.31	-1.13	-1.77	-2.82	-3.64	-1.19
2003	-1.90	-.20	-.83	-1.71	-4.01	1.54	2.28	1.25	-5.35	-.13	-2.70	-3.67
2002	2.96	-.87	-.45	-2.89	-2.93	-5.10	1.23	-.40	-.10	-.22	-.24	-4.26
2001	.88	1.35	4.79	-1.37	2.86	.34	-1.92	-3.21	-.01	1.28	1.11	.53
2000	3.20	.75	-.45	4.46	-1.27	-1.75	2.59	2.73	-.58	3.00	-1.21	-4.93

Source: Bloomberg, OCBC Research

- Post-FOMC market reaction** has remained constructive for risk proxies, precious metals, non-USD FX and even crypto assets while USD traded broadly softer. We continue to expect USD to trade moderately softer as Fed easing erodes carry advantage while US exceptionalism fades. We reiterate that non-USD FX (especially

those central banks likely to be on extended hold or seen as chance of a hike next year.. i.e. EUR, AUD, NZD and JPY) should continue to trade better bid as FOMC event risk fades. DXY last seen around 98.30 levels. Bearish momentum on daily chart intact for now while RSI fell closer to oversold conditions. Support at 98.10, 97.60 (23.6% fibo). Resistance at 98.40/60 levels (100 DMA, 38.2% fibo), 99.10/30 levels (21, 50, 200 DMAs, 50% fibo retracement of May high to Sep low) and 99.80 levels (61.8% fibo).

- **USDTHB. Driven by external factors, for now.** Thailand is set for early elections after PM dissolved parliament. Elections are now expected to be held within 45-60days. USDTHB continued to trade softer, near 3-month low. THB currently seems to be more influenced by external factors, particularly the softer USD following the FOMC meeting and firmer gold prices. Earlier timing of the Thai elections was somewhat unexpected, but it was well flagged that Thailand elections are scheduled to be held sometime in 1Q 2026. As we approach the election campaign period, domestic factors may potentially start to play a larger role in driving the THB, depending on how the situation develops, which remains fluid. Near term we see some support at 31.60, which may hold up in the interim. Pair was last at 31.67. Bearish momentum on daily chart intact but RSI dipped into oversold conditions. Support at 31.61 (double-bottom). Resistance at 32.05, 32.20 (21 DMA).
- **USDCNH. Anchored Lower by Low Fix.** USDCNH continued to trade lower, taking cues from a softer USD and lower USDCNY fix. The fix was set at 7.0638, the lowest in 14 months. The fixing pattern remains consistent since Apr-2025 and we view this as a deliberate move to steer the RMB on a gradual appreciation path while maintaining market order. Rapid appreciation is likely not what policymakers wish to see as that could lead to a rush for exporters to convert USD holdings (in turn resulting in disorderly appreciation or higher volatility). USDCNH last seen at 7.0520 levels. Daily momentum is flat while RSI is near oversold conditions. Support here at 7.05, 7.0380 levels. Decisive break past these levels risk the pair overshooting towards 7. Resistance at 7.08 (21 DMA).
- **USDJPY. Consolidation.** USDJPY continued to trade with an offered tone but seems to lack follow-through to test much lower. To be fair, markets have already come close to fully pricing in a BOJ hike on 19 Dec MPC. Pair was last seen around 155.70 levels. Mild bearish momentum on daily chart intact while decline in RSI moderated. We may see some consolidation in the interim. Support at 155.10, 154.40 (76.4% fibo retracement of 2025 high to low), 153.90 (50 DMA). Resistance at 156 (21 DMA), 157 and 158.87 (previous high in 2025). We believe USDJPY is going into BOJ meeting looking for clues about 2026 not just about Dec meeting outcome. And we reiterate that any meaningful recovery in JPY would require not just the BOJ to follow through with stronger

guidance but also for policymakers to demonstrate fiscal prudence and for the USD to stay soft.

- **EURUSD. ECB easing cycle likely ended.** EUR extended its run-up into 1.17-handle amid USD softness. EUR was last seen at 1.1740 levels. Mild bullish momentum on daily chart intact while RSI rose to overbought conditions. Slower pace of gains not ruled out but bias remains to buy on dips. Resistance here at 1.1760, 1.1840 levels. Support at 1.1640 (100 DMA), 1.1610 levels (21, 50 DMAs). On ECB's recent comments were somewhat more upbeat about economy – from growth to labour market. Lagarde hinted at a potential upgrade to the staff projections for growth, likely at the upcoming 18 Dec meeting. Schnabel noted that growth was “on course” to run above potential. Kazimir pointed out that the labour market remained tight. On inflation, core CPI rose to 2.4. Lane noted that had inflation had “moved in the opposite direction” relative to staff projection for inflation to move below target and on policy outlook, Schnabel had expressed comfort with market expectations that ECB's next move will be a hike though she declined to comment on the timing of next rate move. Other members including Kazimir and Villeroy had advocated for hold. Nevertheless, such a rhetoric suggests that ECB easing cycle may have ended.
- **USDSGD. Taking cues from USD, CNY.** USDSGD continued to trade a touch softer, tracking a softer and firmer CNY. Pair was last at 1.2915 levels. Mild bearish momentum on daily chart intact while RSI fell to near oversold conditions. Key support here at 1.2910 (100 DMA) if broken, could see the pair extend its move lower towards 1.2870, 1.28 levels. Resistance at 1.2975 (200 DMA), 1.2990 levels (21, 50 DMAs). S\$NEER was last seen at 1.41% above model-implied mid.



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