

Daily Market Outlook

13 October 2025

Higher volatility

- **USD rates.** USTs rallied by 9-11bps on Friday benefiting from safe-haven flows, as Trump announced 100% tariff on China and exports control on critical software starting 1 November. A day earlier, China announced exports control on rare earth, measures that China said was legitimate. China's Ministry of Finance, in a statement published on Sunday, commented threatening with high tariffs is not the right way to deal with China and warned of retaliation. Markets appear to be calming somewhat at Asia open, with bond futures trading a tad lower, as the Trump administration on Sunday signalled room for talk with China. However, trade tensions may stay high given China's stance against US threatening. And apart from trade tensions, potential layoff emanating from the US shutdown lent another support to USTs. The 10bps fall in 10Y UST yield represented a 7bp fall in real yield and 3bp fall in breakeven. We have long seen a 10Y UST yield in the range of 4.00-4.20% as fair; further downside likely requires real yield to fall while breakeven is trading at the low end of the range. On the other hand, there may not be a quick reversal in the bond rallies given lingering trade tensions and US shutdown. Fed funds futures last priced 47bps of cuts for the rest of the year, and 68bps of cuts for 2026. September CPI will now be released on 24 Oct, as confirmed by BLS. Consensus look for a 0.4%MoM in the headline and 0.3%MoM in core, while the YoY rate is expected to have ticked up to 3.1% versus 2.9% prior. If there is no upside surprise, market is likely to hold onto current rate cut pricings. Monday is a holiday for a few DMs including US.
- **DXY. Signs of Pullback.** Risk proxies come under pressure while safe-haven proxies were better bid into NY close last Fri following the unexpected twist in US-China relations, from Fri into the weekend. Trump plans to impose additional 100% tariff on China and export controls on "any and all critical software" in response to China's recent export controls on rare earth and other critical materials amongst other measures. Over the weekend, China said that US should stop threatening it with higher tariffs and urged more negotiations on outstanding issues to agree on a trade deal. Early this morning, Trump administration signalled openness to a deal with China while Vice President JD Vance called on Beijing to "choose the path of reason". Developments are expected to remain fluid in the lead up to APEC meeting in Gyeongju at end month, and

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the range of outcomes and scenarios could see volatility go higher. Caution however remains warranted in the interim though TACO trade may prevail. Risk-sensitive FX to growth and sentiments including AUD, NZD, MYR, RMB may be more sensitive to swings, safe-haven proxy FX such as gold, JPY and CHF could remain better bid if uncertainty heightens while trade policy unpredictability may restrain USD bulls. DXY last at 98.90 levels. Bullish momentum on daily chart shows early signs of fading while RSI fell from overbought conditions. Double-bottom bullish reversal and a breakout of the descending wedge may still see DXY finding some momentum though a pullback is not ruled out in the interim. Support at 98.40 (38.2% fibo) and 98 levels (21, 50 DMAs). Immediate resistance at 99.10 levels (50% fibo retracement of May high to Sep low), 99.80 (61.8% fibo), 100.20 levels. This week, NFIB small business optimism (Tue); empire manufacturing, Fed's Beige book (Wed); Philadelphia Fed business outlook, NAHB housing market index (Thu); industrial production (Fri). US CPI initially scheduled for release on 15 Oct, will now be released on 24 Oct, as confirmed by BLS.

- EURUSD. Wide Range.** EUR found bids as French political situation saw another twist and turn while the unexpected flare-up in US-China relations weighed on USD. On French political development, Lecornu (appointed less than a month ago had earlier resigned as PM on Monday) was subsequently appointed as PM again on Friday. A cabinet reshuffle has also taken place over the weekend, but it remains unclear how long this new team can last, given the deep political divide. The new team will have to seek compromises on budget measures to avoid any vote of no confidence. Additionally, the Netherlands will hold General Elections on October 29. These political developments may still pose downward pressure on the EUR in the near term. However, the broader fundamental outlook remains supportive of the euro, suggesting a bias for buy-on-dips approach (but requires patience). EUR last seen at 1.1620 levels. Bearish momentum on daily chart intact while RSI showed tentative signs of turnaround from oversold conditions. Resistance at 1.1640 (100 DMA, 23.6% fibo), 1.1690 (50 DMA). Support at 1.1550, 1.1460 (38.2% fibo retracement of Apr low to Sep high). We look for 1.1550 – 1.1680 range in the near term.
- USDSGD. MAS Policy Decision (Tue, 8am).** Our house view looks for MAS to stay on hold. Path of inflation outlook matters. Our house view has inflation forecast skewed higher above 1% for 2026 while growth still holds up overall. While the door for MAS to ease remains open should growth-inflation dynamics worsen more than expected, but for now, we expect MAS to preserve policy ammunition and maintain current policy stance – which is still a slight appreciating bias. USDSGD inched lower overnight, tracking

UST yields, USD lower amid fluid developments with US and China on tariffs and rare earth materials. Pair last seen at 1.2965 levels. Mild bullish momentum on daily chart intact but RSI fell from overbought conditions. Bullish crossover observed, as 21 DMA cut 50, 100 DMAs to the upside). Mixed technical readings continue to suggest 2-way trades. Support at 1.2950 (23.6% fibo retracement of 2025 high to low), 1.2880 (21 DMA). Resistance at 1.3010, 1.3090/1.3100 levels (200 DMA, 38.2% fibo). S\$NEER had stabilised from the decline; last at 1.47% model implied mid.



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