

Daily Market Outlook

15 December 2025

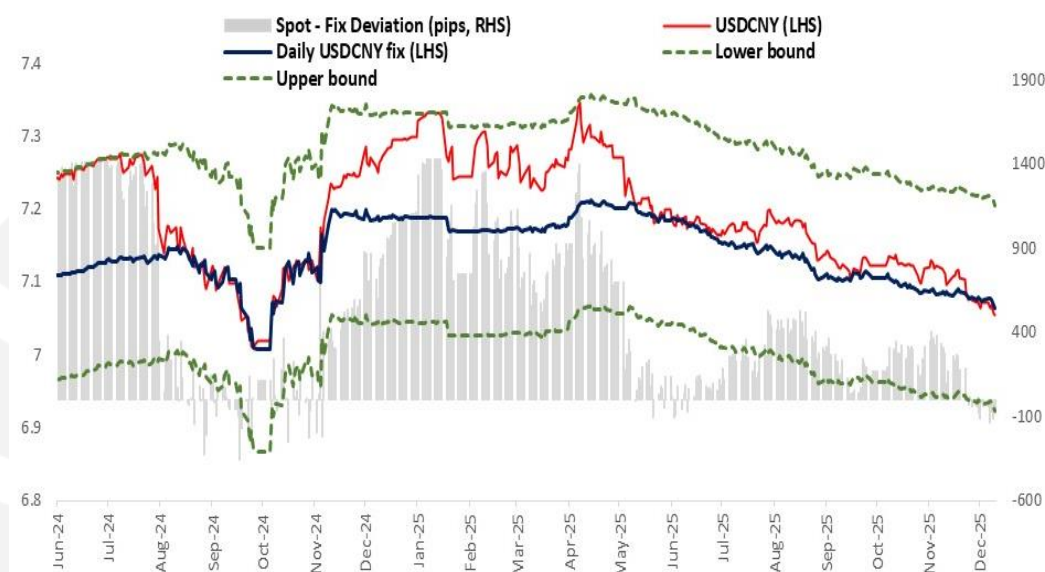
Consolidation

- USDCNH. Temporary Consolidation?** USDCNH continued to trade near recent low. Broad USD softness and low USDCNY fix were some of the factors weighing on the USDCNH. Last Fri, 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). Elsewhere we observed that both spot and Bloomberg consensus for daily fix have been below the actual fix for the last 2 weeks. We are monitoring if policymakers would moderate the pace of setting the fix lower or continue with a similar trajectory. The latter may continue to add to downside pressure while the former may see some temporary consolidation in spot. Pair was last seen at 7.0530 levels. Daily momentum is mild bearish while RSI is near oversold conditions. Support here at 7.05, 7.0380 levels. A decisive break past these levels risks the pair overshooting towards 7. Another lower USDCNY fix or broader USD softness may well be see further downside move materialise. Resistance at 7.08 (21 DMA). Data we watch this week include retail sales, IP, FAI, jobless rate (today).

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USDCNY Spot Guided Lower by Fix



Source: Bloomberg, OCBC Research

- China's annual Central Economic Work Conference (CECW) was held last week as leaders laid out policy priorities. The messaging reinforced a policy stance of continuity and targeted support rather than broad-based stimulus, anchoring domestic demand as the core macro priority for 2026. Authorities reaffirmed a more proactive fiscal and moderately accommodative monetary stance. The conference also underscored a longer-term growth transition, elevating the development of "New Quality Productive Forces" and initiatives such as "AI Plus" as part of a broader push toward technology-led and green upgrading. Near-term policy remains focused on stabilising the property sector, containing local-government and financial risks, supporting the private sector, and advancing the unified national market. For the RMB, this framework continued to point to policy-managed stability. At the same time, IMF Article IV was also concluded last week. Key highlights include (1) upgrade for China's GDP growth to 5% in 2025 and 4.5% for 2026; (2) recommended more forceful measures including tackling domestic imbalances, in particular deflationary pressures; (3) a comprehensive macroeconomic policy package focused on additional fiscal stimulus, supported by further monetary policy easing and greater exchange rate flexibility; (4) structural reforms to lift medium-term growth; (5) to address high domestic debt levels.
- **DXY. Near Oversold Conditions.** USD's decline moderated last Fri. Risk appetite was somewhat restraint as disappointing sales outlook from major US chipmaker dented market optimism on AI sectors, US equities. This week, Nov NFP and CPI reports out on Tue and Thu, respectively will be closely scrutinised. A softer set of data should give USD bears courage to test lower but prior to the data release, we do not rule out markets reducing USD shorts. On Fedspeaks last Fri, Daly said she supported rate cut at the recent FOMC, Goolsbee said he is not hawkish on rates next year and he is projecting for more rate cuts than median for 2026. He believes rates can come down a significant amount. Paulson expects inflation to cool in 2026 though she cautioned there is a risk of further downturn in labour market. She added that she is a little more concerned about labor market weakness than about upside risks to inflation. On the other hand, Schmid cited too high inflation as reason for dissent while Hammack said she prefers slightly more restrictive rates to keep putting pressure on inflation which is still running too high. Overall, Fed officials remain divided on rate cut trajectory. DXY last seen around 98.40 levels. Bearish momentum on daily chart intact while RSI is near oversold conditions. Some consolidation is not ruled out in the interim. 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). Other US data we watch this week includes empire manufacturing, NAHB housing market (Mon); retail sales, prelim PMIs (Tue); Philly Fed business

outlook, Kansas City Fed mfg activity (Thu); Uni of Michigan sentiment (Fri).

- **USDJPY. Range-bound.** USDJPY consolidated last week, in absence of additional catalyst. BOJ hike is largely in the price (92% probability priced for 19 Dec) and there may be little room for USDJPY to venture south unless USD takes another leg lower. We believe USDJPY is going into upcoming 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. Elsewhere, Reuters poll saw markets expect borrowing cost to rise to 1% by end-Sep 2026. Pair was last seen around 155.80 levels. Mild bearish momentum on daily chart intact but decline in RSI moderated. We see 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).
- **USDSGD. Subdued.** USDSGD continued to trade in subdued range near recent lows, as the pair await catalyst. Pair was last at 1.2918. 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 1.4% above model-implied mid.



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