# Daily Market Outlook

16 December 2025

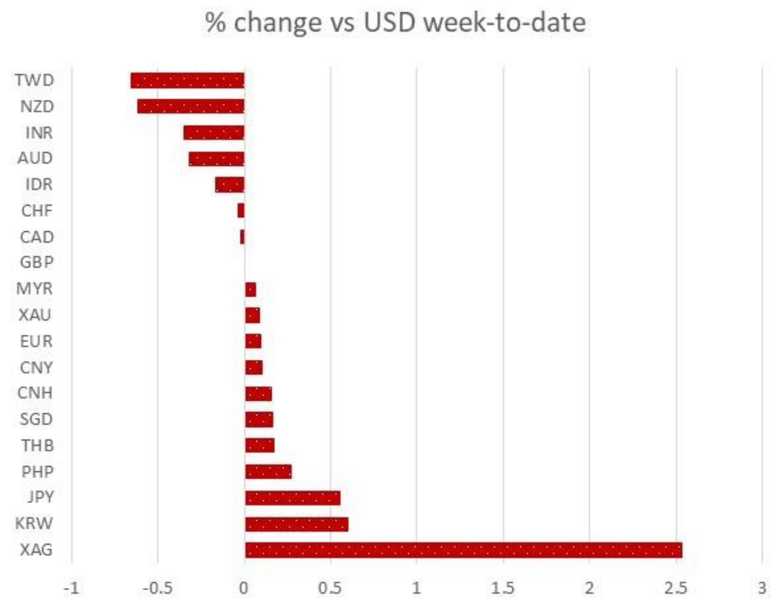
## Await NFP data

Christopher Wong
FX and Rates Strategy
ChristopherWong@ocbc.com

Global Markets Research and Strategy

- **DXY. *Look to NFP report (930pm SGT) for cues.*** USD traded mixed for the week, with USD strength seen vs. higher beta FX (i.e. AUD, NZD) and tech-linked FX (i.e. TWD) while USD weakness was pronounced vs JPY, KRW and silver. While the US tech and Asian equity sell-off did weigh on sentiments, it was not affecting the currencies too broadly as there were idiosyncratic drivers at play. KRW found support after the National Pension Service (NPS) says it will take a more flexible approach to strategic FX hedging, allowing it to respond more effectively to market conditions. The previous trigger conditions (estimated) were when KRW weakened past 1480 - 1485 levels for 5 trading days. Meanwhile strength in the JPY was due to higher market conviction in 25bp hike at upcoming BOJ MPC after a solid set of Tankan readings and BOJ report on wage growth (published yesterday). For USD, the Nov NFP out today will be closely scrutinised. A softer set of data should give USD bears courage to test lower. Other US data we watch this week includes retail sales, prelim PMIs (Tue); **CPI,** Philly Fed business outlook, Kansas City Fed mfg activity (Thu); Uni of Michigan sentiment (Fri).

**Mixed trade in USD**

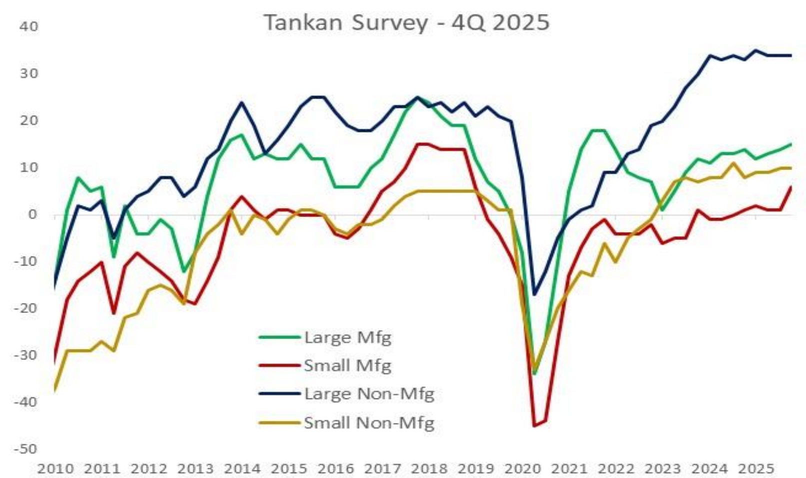



*Source: Bloomberg (% change from Fri NY close to 16 Dec2025 9am SGT), OCBC Research*

- On Fedspeaks overnight, Miran said that *Experience suggests that labor market deterioration can occur quickly and nonlinearly and be difficult to reverse... In part because monetary policy lags several quarters and a quicker pace of easing policy would appropriately move us closer to a neutral stance.* Williams said that *monetary policy is well positioned for next year following last week's interest-rate reduction, amid increased risks to employment and somewhat-lessened inflation risk.* DXY dipped modestly; last seen around 98.30 levels. Bearish momentum on daily chart intact while RSI is near oversold conditions. Some consolidation is not ruled out in the interim. Support here 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).

- **USDJPY. *Bearish Momentum.*** USDJPY traded lower, owing to slippage in UST yields while market optimism over BOJ hike this Friday remains intact. Market still implied about 95% probability of a 25bp hike at the upcoming BOJ MPC (19 Dec) while also pricing in another 1 hike for 2026. Latest Tankan survey showed that index of sentiment at large manufacturers rose to 15 for 4Q, from 14 in 3Q survey. Elsewhere on the BOJ report on firms' stances on wage growth for fiscal 2026, *about 29 BOJ branches expected to raise wages in fiscal 2026 at about the same rates as in fiscal 2025, when high wage growth was realized, although some branches reported that they were either anticipating higher (2 BOJ branches) or lower (2 BOJ branches) wage growth rates in their respective regions.* The report also indicated that *a number of firms expecting a clear improvement in their profits is not large, partly owing to the effect of U.S. tariff hikes; however, most of firms seem to consider that it is necessary to raise as much wages in fiscal 2026 as in fiscal 2025 or to a similar extent as the prevailing wage formed by other firms, with a view to retaining staff and improving their motivation amid persistent, severe labor shortages.*

**4Q Tankan survey indicate solid business sentiment**




*Source: Bloomberg, OCBC Research*

- By industry, there is some divergence: firms in non-manufacturing seem to feel the necessity to raise wages in 2026 as much as 2025 while manufacturing firms including motor-vehicle-related manufacturers have indicated that it would be difficult to continue with high wage growth mainly due to profit decline. Nevertheless, the latest tankan survey and BOJ report on wages continue to reinforce rate hike expectations, though markets are already expecting a hike at Friday's MPC. We believe markets are going into the BOJ meeting looking for clues about 2026 policy normalization profile and not just about December's meeting outcome. 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. USDJPY was last at 155.05 levels. Mild bearish momentum on daily chart intact while RSI fell. Risks somewhat skewed to the downside. Next support at 154.20/40 levels (76.4% fibo retracement of 2025 high to low, 50 DMA). Resistance at 156 (21 DMA), 157 and 158.87 (previous high in 2025).

- **USDTHB. *Break Out.*** USDTHB traded sharply lower, taking cues from the sharp acceleration in gold prices, peak tourism inflows while shrugging off election risks (just announced to be held on 8 Feb). Pair was last at 31.52. Bearish momentum on daily chart intact while RSI fell into oversold conditions. Support at 31.10/20 levels. Resistance at 31.60, 31.80 levels. Finance Minister Nitithanprapas said that he held discussion with BOT Governor on THB's rally and that government plans to ask state-owned firms to accelerate imports and repay foreign debts. Typically, importer flows may tame THB strength to some extent. The BOT has also instructed financial institutions to provide details on gold traders' foreign exchange forward transactions as these may contribute to increased baht volatility. BOT is also gathering public feedback on proposed amendments to foreign exchange regulations - require major gold traders to report all relevant transactions to the central bank in order to enhance monitoring, assess impact on the baht and support the formulation of appropriate related policies.

- **USDCNH. *Will PBoC slow the bearish momentum?*** USDCNH continued to trade with a heavy bias despite activity data coming in softer – retail sales, industrial production and new home prices underwhelmed. Pair was last at 7.0450 levels. Mild bearish momentum on daily chart remains intact while RSI is near oversold conditions. Next support at 7.0380 levels. A decisive break puts next support closer to 7 levels. Resistance at 7.05, 7.0780 (21 DMA). Today's fix was set to a fresh multi-month low of 7.0602 vs. yesterday's fix at 7.0656. The broader 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. But in the near term, we continue to watch if policymakers would moderate the pace of setting the fix lower (i.e. set the fix higher in attempt to slow the pace of RMB appreciation) 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.

- **USDSGD. *Bearish but near oversold.*** USDSGD was a touch softer, in subdued range. Pair was last at 1.29 levels. Mild bearish momentum on daily chart intact while RSI fell to near oversold conditions. Key support at 1.2910 (100 DMA) appears to be broken. Next support at 1.2870, 1.28 levels. Resistance at 1.2975 (200 DMA), 1.2990 levels (21, 50 DMAs). S$NEER rose; last seen at 1.62% above model-implied mid. NODX data will be out tomorrow at 830am (SGT).

## Macro Research


**Selena Ling**
Head of Research & Strategy
lingssselena@ocbc.com

**Tommy Xie Dongming**
Head of Asia Macro Research
xied@ocbc.com

**Keung Ching (Cindy)**
Hong Kong & Macau Economist
cindyckeung@ocbc.com

**Herbert Wong**
Hong Kong & Taiwan Economist
herberthtwong@ocbc.com

**Lavanya Venkateswaran**
Senior ASEAN Economist
lavanyavenkateswaran@ocbc.com

**Ahmad A Enver**
ASEAN Economist
ahmad.enver@ocbc.com

**Jonathan Ng**
ASEAN Economist
jonathanng4@ocbc.com

**Ong Shu Yi**
ESG Analyst
shuyiong1@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




Co.Reg.no.: 193200032W