

## Daily Market Outlook

17 December 2025

### THB strength may moderate

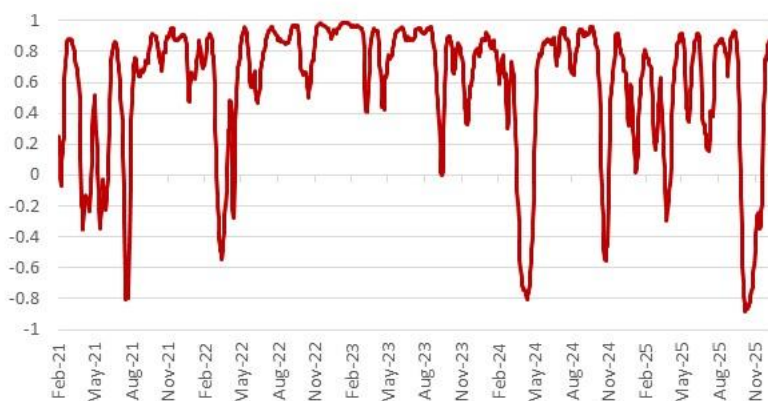
- USDTHB. May see moderation.** THB's outperformance against not just the USD but also regional FX including SGD, MYR in recent month was due to a combination of factors including seasonality trends likely influenced by tourism inflow, gold-related currency flows (Thailand is a major consumer and importer/ re-exporter of gold) and resilient RMB while USD softness and Fed easing bias serve as a conducive backdrop. While Thailand is structurally a net gold importer due to strong demand for investment and jewellery, the short-term flow of trade is what causes the volatility. When prices of gold rises, the incentive to sell increases. And this relates to (1) increase in re-exports to capitalise on higher gold prices (gold exports up 52% to \$11.6bn in first 10month ytd relative to same period in 2024); (2) profit-taking due to higher gold prices. The FX-relationship here would be a conversion from the gold proceeds to THB. Hence it is often mentioned that THB has a strong positive correlation with gold prices. Indeed, we did see a sharp acceleration in gold prices in recent sessions.

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Global Markets Research and Strategy

#### Significant correlation between Gold-THB

Gold-THB Correlation (30D rolling)



Source: Bloomberg, OCBC Research

- Seasonally, December is also a strong month for THB. Chart below shows USDTHB fell in 9 out of 10 Decembers since 2016, including month so far in 2025. Average losses for USDTHB in December was about 1.01%, amongst one of the highest out of the 12 calendar months. We also observe January can also be a seasonally strong month for THB as well, with the USDTHB falling in 8 out of 10 Januarys since 2016.

## December is a seasonally strong month for THB

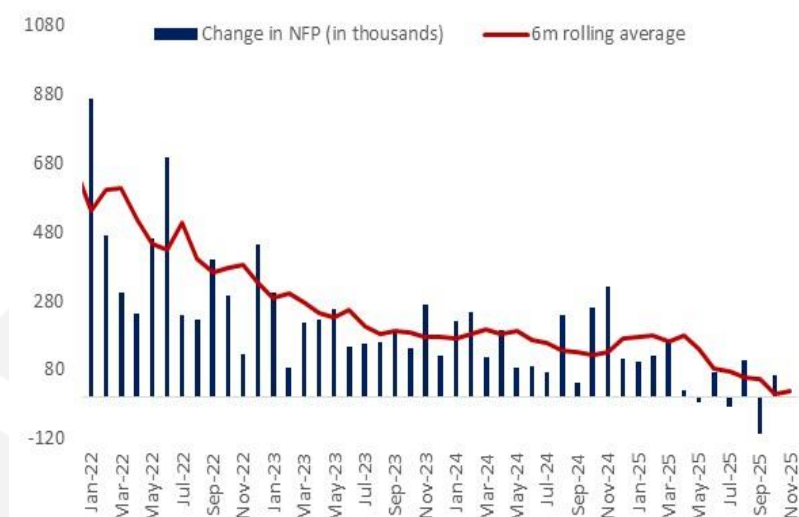
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
9 Yr Avg	-.84	.92	.54	.51	.10	.37	-.11	-.98	.96	.31	-1.07	-1.01
2025	-1.24	1.48	-.73	-1.49	-1.76	-1.00	.55	-.88	.03	-.19	-.45	-2.38
2024	3.90	1.12	1.45	1.83	-.73	-.23	-2.87	-5.02	-4.98	4.86	1.67	-.60
2023	-4.62	7.10	-3.26	-.16	1.92	1.88	-3.49	2.29	4.03	-1.30	-2.09	-2.98
2022	-.33	-1.86	1.78	2.99	-.10	3.32	4.11	-.93	3.47	.87	-7.36	-1.86
2021	-.05	.66	3.74	-.38	.32	2.60	2.55	-1.91	4.93	-1.92	1.56	-.87
2020	3.99	1.27	3.92	-1.36	-1.68	-2.85	.88	-.19	1.81	-1.60	-2.93	-1.02
2019	-4.02	.88	.71	.58	-.88	-3.08	.28	-.59	.03	-1.30	.13	-.86
2018	-3.85	.19	-.63	1.13	1.44	3.53	.45	-1.63	-1.19	2.51	-.81	-1.02
2017	-1.65	-.86	-1.55	.74	-1.64	-.27	-2.01	-.24	.40	-.32	-1.72	-.22
2016	-.98	-.25	-1.28	-.75	2.25	-1.59	-.88	-.60	.15	.95	1.91	.36

Source: Bloomberg, OCBC Research

- We are somewhat cautious on extrapolating the gains in THB over the forecast horizon as weaker fundamentals (i.e. weak growth momentum), room for BOT to ease monetary policies and potential measures to restraint THB's excessive strength may eventually limit THB gains. For instance, 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, an acceleration in importer flows mean increase in demand for foreign currency and this should 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. Election is scheduled to be held on 8 February and 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, THB may still trade with a bid tone but we are expecting the pace of gains to moderate. USDTHB was last seen at 31.43 levels. 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.

- DXY. Looking for cues from CPI.** USD traded somewhat offered around the release of payrolls data but subsequently pared losses into NY close. Report continued to point to further weakness in labour market, reinforcing Fed's easing bias. That said, the report was mixed (with headline dragged lower by federal job losses while private sector partially helped to offset) and not dramatically weak enough to add to rate cut expectations. Markets still implied only 24% probability of a Jan cut while markets expectation for cumulative cut for 2026 was largely stable at -58bps. On the labour market report, unemployment rate rose to 4.6% in Nov, highest since Sep-2021. While NFP saw 64k jobs added in Nov, 105k jobs were lost in October. 6-month average is now near lows of +17k. And recall Fed Chair Powell commented last week that Fed officials believe payrolls are being overestimated by 60k per month. Meanwhile, wage growth was at 3.5% y/y, the weakest in more than 4 years. Focus now shifts to Nov CPI report scheduled for release on Thu (930pm SGT). Another underwhelming print should weigh on USD. On Fedspeaks overnight, Goolsbee told CNN in an interview that he is *pretty optimistic that the economy will sustain at a stabilized rate that's pretty decent, and if it can do that and inflation is headed down to something like 2%, I think rates can go down*. DXY was last seen around 98.20 levels. Bearish momentum on daily chart intact while RSI fell to oversold conditions. Some consolidation is not ruled out in the interim. Support at 97.90, 97.60 (23.6% fibo). Resistance at 98.40/60 levels (100 DMA, 38.2% fibo), 99.10/20 levels (21, 50, 200 DMAs, 50% fibo retracement of May high to Sep low) and 99.80 levels (61.8% fibo). Other data we watch this week includes Philly Fed business outlook, Kansas City Fed mfg activity (Thu); Uni of Michigan sentiment (Fri).

## Sluggish labour market



Source: Bloomberg, OCBC Research

- **USDSGD. Bearish but near oversold.** USDSGD was a touch firmer this morning, taking cues from the sluggish risk sentiment. That said, the pair remains caught in subdued range. Last at 1.2910 levels. Mild bearish momentum on daily chart intact while RSI rose from near oversold conditions. Consolidation still likely. Support at 1.2880, 1.28 levels. Resistance at 1.2975 (200 DMA), 1.2990 levels (21, 50 DMAs). S\$NEER was last seen at 1.57% above model-implied mid. This morning, Singapore's export data was released. Non-oil domestic export growth in November remained strong at 11.6% YoY, exceeding market estimates of 6.8% while electronic exports grew by 13.1%.



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