

Daily Market Outlook

24 November 2025

Focus on data as Fedspeaks wind down

- USD rates.** USTs rallied on Friday while market added to December cut expectation upon dovish remarks from Williams. Fed funds futures last priced a 62% chance of a 25bp cut at December FOMC meeting, versus 35% priced last Thursday. Our base case remains for a December cut although we see the risk for a delay. Looking beyond the near term, between now and end 2026, Fed funds futures priced a total of 92bps of cuts, more dovish than our expected 50bps. Long-end swap spreads have been trading in new ranges this month thus far, after having risen (become less negative) through September to October. Near-term range for 10Y swap spread is seen at -45bp to -40bps, and for 30Y swap spread is seen at -80bps to -70bps. Fresh triggers are probably needed for swap spreads to break higher. This week, net bills settlement is relatively low at USD19bn. There are auctions of 2Y FRN, 2Y note, 5Y note and 7Y note, totalling USD211bn. TGA balance was last at USD909bn as of 20 November, versus the recent peak of USD1trn on 30 October, which is likely to help ease front end funding pressure.
- GBP rates.** Long-end gilts outperformed on the curve and other major DM government bonds, as UK services PMI and retail sales printed weaker than expected. GBP OIS priced an 84% chance of a 25bp Bank Rate cut in December, little changed from a day ago. We maintain our long-held call for a 25bp cut in the Bank Rate by year end, i.e. at the December meeting. CPI YoY inflation is likely to ease in the quarters ahead, in consideration of the trend in administered prices, the likely fading impact of the previous increase in NICs, slower wage growth, and potential tariff impact. The easing inflation outlook and a weakening labour market support some further removal of monetary policy restraints under a careful approach. We expect another 25bp cut in Q1-2026, which will then bring BoE Bank Rate to 3.50%. Near term focus is the Autumn budget on 26 November. Reaction in gilts is likely through two channels, the implication on bond supply, and on the economy thereby BoE monetary policy outlook. 30Y swap spread is trading around the middle of the Feb-Nov range of -93bps/-78bps, while 20Y swap spread is slightly nearer the upper end of the range of -85bps/-72bps. If there is any upside surprise to fiscal deficits, swap spreads are subject to some downward correction.

Frances Cheung, CFA

FX and Rates Strategy

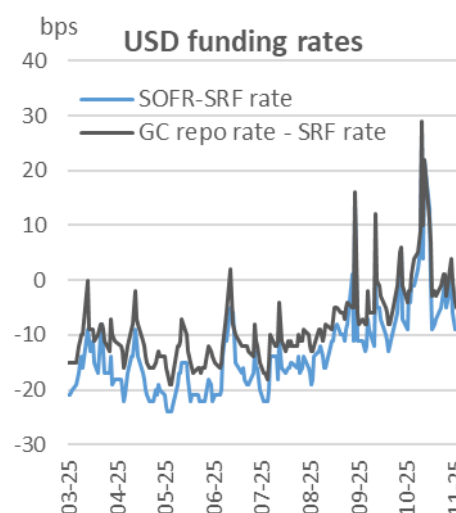
FrancesCheung@ocbc.com

Christopher Wong

FX and Rates Strategy

ChristopherWong@ocbc.com

Global Markets Research and Strategy



Source: Bloomberg, OCBC Research

- **DXY. *Await Catalyst.*** USD continued to trade near recent highs, in response to Dec meeting expectations which had remain fluid. More data is coming in while comments from Fed officials continue to paint a divergence in opinions. Last Fri, Williams indicated his support for a rate cut helped to bring back probability of Dec cut to above 60%. Though Dec cut probability continues to swing, the quantum of cut from now till end-2026 remained relatively steady at around 90bps cumulative of cuts. This probably explained why the USD did not go a lot higher as only near-term expectation was affected. Nevertheless, noise from Fedspeaks should diminish as there is no more scheduled Fedspeaks this week while Fed communications enter a blackout starting this Sat. On data, Sep PPI, retail sales are out tomorrow. BLS announced that Aug JOLTS report will be released on 2 Dec while both Sep and Oct JOLTS report will be out on 9 Dec, just before FOMC on 11 Dec. But Nov NFP and CPI report will be out later on 16 and 18 Dec, respectively (after Dec FOMC). DXY last seen at 100.20 levels. Price action indicates indecision and also signaled some weakness in the recent USD rebound (likely in anticipation for catalyst). Mild bullish momentum on daily chart observed while RSI is near overbought conditions. 2-way trades likely to persist. Resistance at 100.6 (76.4% fibo). Support at 99.50/70 levels (21 DMA, 61.8% fibo), 99.10 (50% fibo retracement of May high to Sep low).
- **USDJPY. *Interim Top?*** The recent rise in USDJPY is slowing with the pair falling on Fri. Intervention rhetoric is getting louder and more frequent. Finance Minister Katayama told a news conference after cabinet meeting last Fri that officials are concerned that JPY depreciation is extremely one-sided and rapid. We believe the risk on *leaning against the wind* is real if we do see another sharp weakening in the JPY towards the 158-160 zone. A combination of fiscal policy shifts, monetary policy delays, and geopolitical uncertainties are some factors that has underpinned JPY weakness with potential intervention only acting as a limited counterbalance. For USDJPY to reverse trend and trade lower requires policymakers to demonstrate fiscal discipline to restore credibility while the BOJ also need to resume policy normalisation. A softer USD should also help. *Leaning against the wind* activity is not likely to reverse the JPY's broader depreciation trend though it may moderate the pace of decline. Pair was last seen at 156.70 levels. Daily momentum is mild bullish while RSI fell from overbought conditions. Support at 154.40/50 levels (21 DMA, 76.4% fibo), 151.60 (61.8% fibo retracement of 2025 high to low, 50 DMA). Resistance at 158, 158.87 (previous high in 2025) and 160 levels.
- **USDSGD. *2-way trades?*** USDSGD continued to trade near recent highs as markets await catalyst. Pair last at 1.3070 levels. Bearish momentum on daily chart faded while RSI shows tentative signs of turning lower. Double-top pattern appears to be in the making, but it remains early to concur. Potentially, this may be a setup for a

bearish reversal in the short term but more broadly, a cup-and-handle pattern appears to be forming. This can be a bullish setup in the medium term. We continue to monitor price action. 2-way trades likely in the interim. Resistance at 1.3090/1.31 levels (38.2% fibo). Support at 1.3025 (21 DMA), 1.30 levels (200 DMAs), 1.2950/60 levels (50 DMA, 23.6% fibo retracement of 2025 high to low). S\$NEER last around 1.2% above model implied mid.



Macro Research

Selena Ling

Head of Research & Strategy
lingssselena@ocbc.com

Herbert Wong

Hong Kong & Taiwan Economist
herberthtwong@ocbc.com

Jonathan Ng

ASEAN Economist
jonathannq4@ocbc.com

Tommy Xie Dongming

Head of Asia Macro Research
xied@ocbc.com

Lavanya Venkateswaran

Senior ASEAN Economist
lavanyavenkateswaran@ocbc.com

Ong Shu Yi

ESG Analyst
shuyionq1@ocbc.com

Keung Ching (Cindy)

Hong Kong & Macau Economist
cindyckeung@ocbc.com

Ahmad A Enver

ASEAN Economist
ahmad.enver@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

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